2025 Statement of intent

For the year ended 30 June 2026

Council collaboration through Co-Lab maximises community wellbeing.

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This SOI is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Local Authority Shared Services Ltd trading as Co-Lab (Co-Lab). It outlines the nature and scope of the work it will undertake, the Directors' accountabilities to the shareholders for corporate performance and financial forecasts, as required by Schedule 8 of the Local Government Act 2002. This information is provided in relation to the financial years ended 30 June 2026 to 30 June 2028.

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Message from the Chair



As we continue to navigate the dynamic impact this government is having on local government, we remain focused on our three-year strategy underpinned by our three-pronged approach: delivering shared services well, leveraging international research into shared services to identify and help establish the case for new opportunities, and collaborating with smaller willing coalitions of shareholders.

Our role in supporting the Waikato Water Done Well initiative is a testament to shareholding councils' foresight to have a vehicle for working together. While we have played an important role in getting this long-term project off the ground, we also recognise there will be a need for greater shared service arrangements covering activities councils undertake in areas other than water service delivery. We will enable you to explore these to their fullest potential.

A significant change this year is that our forecasts now reflect the disestablishment of Co-Lab Learning by 30 June 2025. This is a really disappointing outcome. With the exception of Waikato Regional Council, you all undertake the same activities and operate under the same legal and regulatory framework. Given that, the opportunity to reduce duplication of effort in upskilling your staff must be significant. The fact that councils have not seen the value in doing so is perplexing. It is understandable that, in at least one instance, the service was a victim of broader cost-cutting by Council. We have previously said that shared services will succeed where councils lean in to make it happen. The case of Co-Lab Learning has highlighted the cost of when they do not, despite significant time and effort invested to get it up and running.

By contrast, Co-Lab Building Services was made possible by seven councils leaning in and leading the way. Their proactive collaboration has enabled a shared service that smooths building consent volumes and proves that committed local leadership can deliver fast, effective solutions.

Central government has made it clear that regional collaboration is essential, with shared services cited as a prime example. We are excited by the opportunities that regional deals might bring and believe that shareholding councils are well placed to mobilise by having a collaboration CCO already in place.

Last financial year, we supported you by reducing council member charges from what they otherwise would have been, by ~$900k across our various workstreams. We were able to do this by using cash-on-hand. We signalled at the time that this reduction was a 'one-off' measure. To remain in a sustainable financial position longer term, charges are returning to 'normal' levels and we are pleased to reflect only a small increase of 2.6% in expenditure which is slightly above CPI at 2.2%[1]. Due to the one-off use of cash-on-hand that substantially lowered member charges last year, we recognise that the member charges may seem significantly higher by comparison. To address this, we are planning additional communications with Councils to ensure this context is clearly understood.

We will continue to identify opportunities that will reduce Councils costs in the long term by councils working together to make a dollar, save a dollar, or improve the deliverables to Councils and their communities.

[1] CPI as at December 2024, Statistics NZ.

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Yours Sincerely,

Peter Stubbs
Chair

Statement of Intent at a glance - our 3-year strategy



Commentary

Co-Lab will continue to operate under its 3-year strategy which was adopted from the 2024 Statement of Intent.

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Performance measures

To ensure we deliver against our 3-year strategy, consistent with last year, we are using the following annual Key Performance Indicators (KPI).

Strategic goal	3-year Objective	Annual KPI
Shareholding councils understand we provide them value	• We know the value we provide shareholders has improved by 15%, by 30 June 2027* *(baseline y/e 30 June 24).* • By 30 June 2027, 80% of shareholders agree they get value from Co-Lab. • All shareholders take up at least one additional shared service. **Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration).*	• Year-on-year increase in the value we provide to councils. • 80%+ of council survey respondents believe those Co-Lab services they received meet or exceed their expectations (evidenced by an annual survey). • Year-on-year increase in the utilisation of services we provide to councils.
Deliver value by growing the scale of our shared service function	• 24 new instances of Co-Lab shared services being utilised, by June 2027 *(baseline y/e 30 June 24)*	• Year-on-year increase in the utilisation of services we provide to councils. • Year on Year increase in the number of services available to councils.
Diverse, talented and motivated people work for us	• Maintain staff engagement above 85% • Staff turnover is less than 15%. • Our vacancies are filled by suitable candidates within 3 months. *All baselined y/e 30 June 24)*	• Maintain staff engagement above 85% • Staff turnover is less than 15%. • Vacancies are filled by suitable candidates within 3 months.

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Nature & scope of services

Co-Lab has three main functions. It:

1. Acts as an "ideas laboratory" – working with councils to investigate and develop opportunities to work together;
2. Delivers shared services to councils; and
3. Enters joint procurement arrangements.

Opportunity Development

Co-Lab seeks to develop opportunities that will reduce costs, create value for councils, and/or enable innovation.

If you'd like more information on the Opportunity Development Projects we are currently investigating, please get in touch.

Shared Services

A list of our shared services follows below. We also facilitate other shared initiatives but do not actively manage them as a shared service. This includes the Shared Valuation Data Scheme and the Health and Safety Pre-Qualification Scheme.

Some services have evolved but for the most part, they remain largely unchanged from prior years.

Two changes to the services from past years to highlight is the disestablishment of Co-Lab Learning by 30 June 2025 and the establishment of Co-Lab Building Services.

Co-Lab Water Services has been forecast to remain with Co-Lab for the period. This may be impacted by the outcome of the water reforms. Certainly, over time there will be some consolidation of the customer base. But with at least two water services CCOs being established in the Waikato during the forecast period we think it makes sense that Co-Lab continues to provide these services to the CCOs and the councils who are not part of them. We will be discussing this with participating councils in the near future but want to assure them that there will be continuity of service.

For more information on our services, please visit our website www.colabsolutions.govt.nz

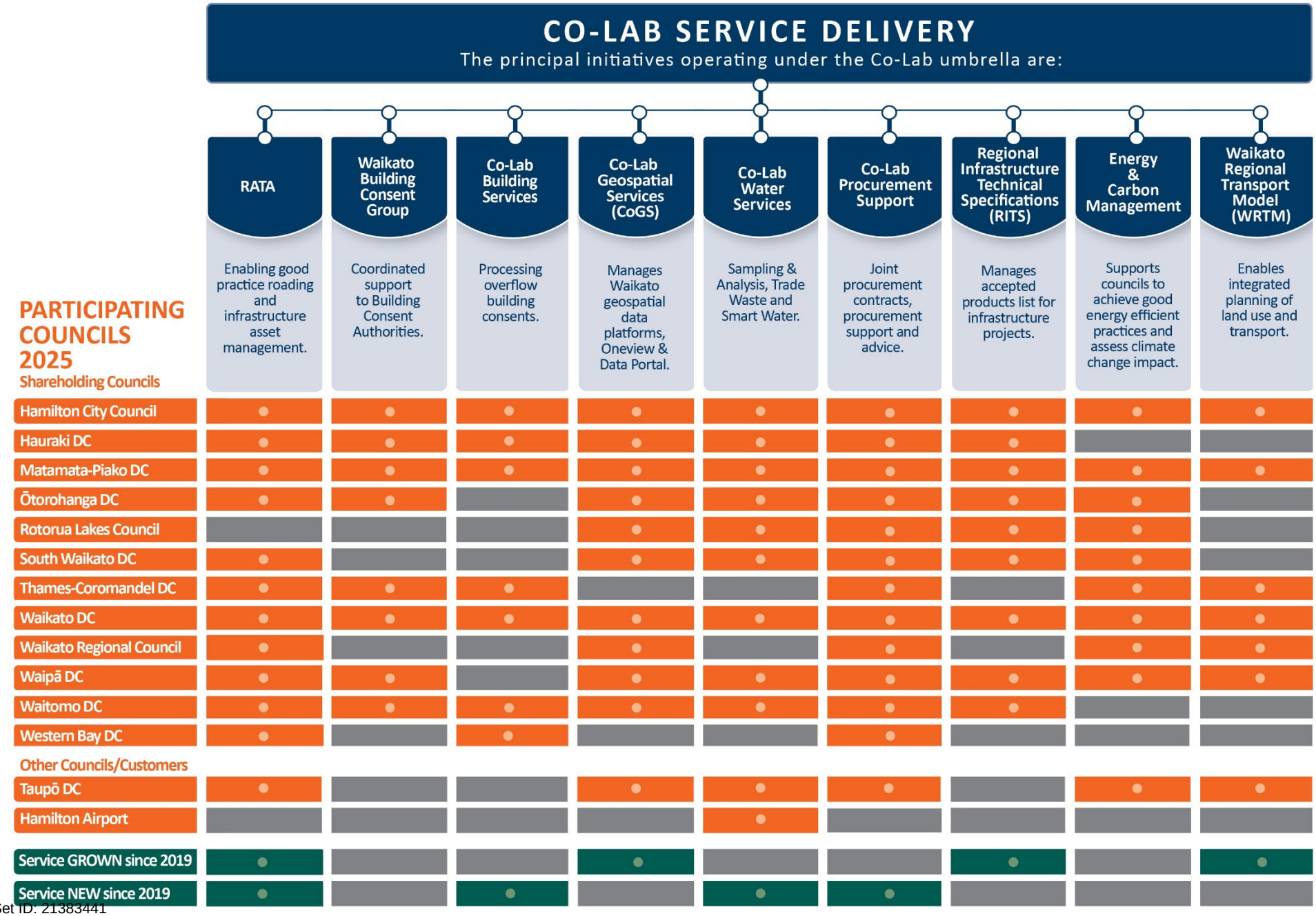
Joint procurement

Co-Lab enters joint procurement arrangements for the benefit of councils, with a focus on value for money and supply certainty. As part of this Co-Lab operates two panels - a professional services panel and a legal services panel - to provide easy and compliant access to these services. It also manages a number of joint contracts with suppliers that councils can be part of.

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CO-LAB SERVICE DELIVERY

The principal initiatives operating under the Co-Lab umbrella are:



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Financials

Overview

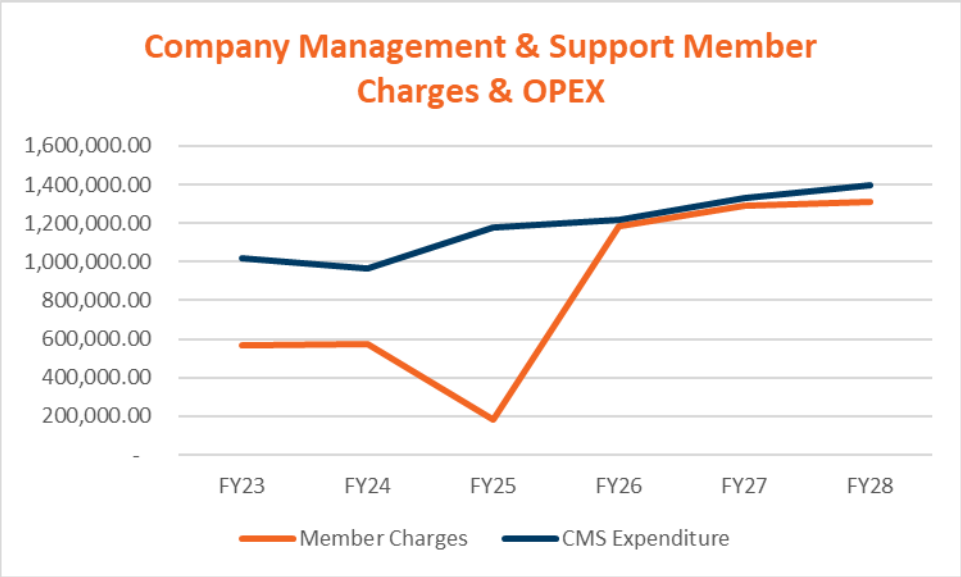
Services

Revenue from services increases in the 2025/26 financial year (FY), as historically we have utilised cash surpluses across the workstreams wherever possible to minimise the cost to councils.

Member charges

In FY2025, while we utilised cash reserves and surplus revenue from some services to significantly lower member charges as a "one-off" measure for that year, we did indicate that member charges would return to "normal levels" for FY2026 and beyond. For some councils that does result in a significant increase in member charges when compared to last year. However, we are pleased to reflect only a 2.6% increase in expenditure which is only slightly above CPI at 2.2%.

Having utilised cash reserves in part for the last four years and then fully utilising cash reserves in FY25, we now need to at least break even within Company Management & Support to remain financially sustainable. The utilisation of cash reserves is reflected in the historical gap between expenditure and member charges in the below chart. However, we are still operating as a very lean organisation as reflected by expenditure in the chart.



A large part of the expenditure increase in FY2025 is attributed to the way we fund cross-council infrastructure procurement. We brought this resource under Company Management & Support and accordingly funded through member charges. We committed to an 18-month trial and are now in the process of conducting a review of its success or otherwise.

There are opportunities to reduce member charges in the future:

1. Where possible, we are incorporating the cost of Co-Lab's company management and administration into Shared Services charges to better reflect the true cost of delivery.
2. If more Shared Services are taken up, our scale of operation increases, allowing us to share operational costs across a broader base, without necessarily increasing overhead costs. For reference, over the last six years, nine opportunities have been declined.
3. Our financial forecasts do not assume any new revenue from growing the services with councils outside the shareholding base as this cannot be accurately predicted. However, as you will

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know from our 3-year strategy, we are actively pursuing such opportunities provided they don't undermine our ability to deliver value to you.

Our goal remains to minimise member charges.

Statement of Financial Performance

Co-Lab
Company Summary
for the forecast financial years ended 30 June 2026-2028

	Budget 2024/25	Forecast 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Income					
Company Management / Support [1]	589,962	590,125	1,575,153	1,700,149	1,736,413
Working parties | projects	628,741	1,087,069	687,214	712,797	748,436
RITS	-	-	27,244	28,606.62	30,037
Energy Management	94,421	152,190	118,116	176,522	185,348
Shared Valuation Data Service (SVDS)	392,892	344,423	409,638	425,251	425,251
Regional Asset Technical Accord (RATA)	2,082,874	2,279,118	2,500,000	2,320,000	2,500,000
Waikato Regional Transport Model (WRTM)	1,163,990	1,128,592	1,952,610	642,530	676,362
Waikato Building Consent Group	160,194	281,103	353,263	414,127	435,396
Waikato Mayoral Forum	10,130	10,130	10,960	11,508	12,083
Co-Lab Water Services	4,260,948	3,841,862	4,092,428	4,297,049	4,511,902
Procurement Support	193,442	194,370	200,748	210,785	221,324
Geospatial	31,677	92,539	87,006	91,356	95,924
Communications Resource	62,484	61,869	65,603	68,883	72,327
Co-Lab Building Services	-	-	1,682,930	1,767,077	1,855,430
Total Income	**9,671,754**	**10,063,390**	**13,762,912**	**12,866,639**	**13,506,233**
Operating Expenditure					
Company Management / Support [1]	1,480,105	1,444,826	1,468,937	1,643,898	1,729,459
Working parties | projects	628,741	1,119,497	687,214	712,797	748,436
RITS	24,469	40,650	27,244	28,607	30,037
Energy Management	144,421	136,547	168,116	176,522	185,348
Shared Valuation Data Service (SVDS)	302,063	289,755	310,618	320,407	330,512
Regional Asset Technical Accord (RATA)	2,078,443	2,555,685	2,500,447	2,321,200	2,503,376
Waikato Regional Transport Model (WRTM)	1,163,990	1,128,593	1,952,610	642,530	676,362
Waikato Building Consent Group	360,194	372,577	393,248	414,127	435,396
Waikato Mayoral Forum	10,130	10,130	10,960	11,508	12,083
Co-Lab Water Services	4,021,258	3,634,293	3,983,494	4,161,669	4,369,752
Procurement Support	193,442	189,988	198,876	208,820	219,561
Geospatial	82,863	92,175	86,992	91,342	95,909
Communications Resource	64,001	60,710	64,756	68,293	71,393
Co-Lab Building Services	-	-	1,679,699	1,764,074	1,852,453
Total operating expenditure	**10,554,119**	**11,075,425**	**13,533,212**	**12,565,792**	**13,260,078**
Earnings before interest, tax and depreciation/ amortisation (EBITDA)	**(882,365)**	**(1,012,035)**	**229,700**	**300,847**	**246,156**
Depreciation / amortisation					
Company Management / Support	44,087	18,623	43,847	46,040	48,342
WBCG	3,072	2,559	3,072	3,072	3,072
Procurement Support	1,872	2,793	1,872	1,872	1,872
Communications	840	840	840	840	840
Co-Lab Building Services	0	-	2,340	2,340	2,340
WRTM	0	1,105	1,104	1,104	1,104
Total Depreciation / amortisation	49,871	**25,920**	**53,075**	**55,268**	**57,570**
Earnings before interest and tax (EBIT)	**(932,236)**	**- 1,037,955**	**176,625**	**245,580**	**188,586**
Net Surplus (Deficit) before tax	**(932,236)**	**(1,037,955)**	**176,625**	**245,580**	**188,586**

We are budgeting in all the forecasted years to utilise cash surplus on hand and future surplus from SVDS and Co-Lab Waters.

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Statement of Financial Position

Co-Lab
Financial Position
for the forecast financial years ended 30 June 2026-2028

	Budget 2024/25	Forecasted 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
CAPITAL					
Shares - SVDS	1,607,001	1,607,001	1,607,001	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Retained Earnings	(759,319)	(1,180,419)	(2,218,374)	(2,041,748)	(1,796,169)
Plus Current Year Operating Surplus/(Deficit)	(1,004,542)	(1,037,955)	176,625	245,580	188,586
TOTAL CAPITAL FUNDS	**1,193,140**	**738,627**	**915,253**	**1,160,832**	**1,349,418**
ASSETS					
CURRENT ASSETS					
Prepayments	3,300	0	6,350	6,668	7,001
Accounts Receivable	505,883	503,170	688,146	643,332	675,312
Bank	1,845,494	1,416,051	1,027,595	1,269,185	1,534,812
GST Receivable / (Payable)	(30,554)	(75,700)	57,092	61,929	66,239
TOTAL CURRENT ASSETS	2,324,124	1,843,521	1,779,183	1,981,113	2,283,364
NON-CURRENT ASSETS					
WRTM - Intangible Asset	2,296,855	2,296,855	2,296,855	2,296,855	2,296,855
MoneyWorks Software	1,195	1,195	1,195	1,195	1,195
Accumulated Depreciation	(2,298,050)	(2,298,050)	(2,298,050)	(2,298,050)	(2,298,050)
IT Equipment & Office Furniture	197,500	185,000	197,500	197,500	197,500
Accumulated Depreciation - IT equipment & Office Furniture	(92,281)	(116,455)	(145,356)	(192,276)	(241,387)
TOTAL NON-CURRENT ASSETS	105,219	68,545	52,144	5,224	(43,887)
TOTAL ASSETS	**2,429,343**	**1,912,067**	**1,831,326**	**1,986,337**	**2,239,477**
LESS CURRENT LIABILITIES					
Accounts Payable	1,084,708	1,007,836	737,951	633,624	673,993
Accounts Payable Accrual	37,244	37,426	39,106	41,062	43,115
Employee Benefits	114,251	128,177	139,016	150,820	172,951
TOTAL CURRENT LIABILITIES	1,236,202	1,173,439	916,074	825,505	890,058
NET ASSETS	**1,193,141**	**738,628**	**915,253**	**1,160,832**	**1,349,418**

Statement of Cashflows

Co-Lab
Statement of Cashflows
for the forecast financial years ended 30 June 2026-2028

	Budget 2024/25	Forecasted 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Cashflows from Operating Activities					
Interest Received / (Paid)	80,625	70,442	59,484	62,736	65,760
Receipts from Other Revenue	11,868,628	10,765,872	13,515,578	12,848,453	13,408,104
Payments to Suppliers	(11,879,652)	(12,538,792)	(13,796,410)	(12,656,415)	(13,195,468)
Taxes Paid	0	0	0	0	0
Goods & Services tax (net)	30,937	(75,623)	(132,792)	(4,836)	(4,311)
Net cash from operating activities	100,538	(1,778,102)	(354,141)	249,939	274,085
Cashflows from Investing Activities					
Capital enhancements	0	0	0	0	0
Purchase of PPE	(30,334)	(8,148)	(36,674)	(8,348)	(8,458)
Purchase of investments	0	0	2,358	0	0
Net cash from investing activities	(30,334)	(8,148)	(34,316)	(8,348)	(8,458)
Net increase in cash, cash equivalents and bank accounts	70,205	(1,786,250)	(388,457)	241,590	265,627
Opening cash and cash equivalents and bank overdrafts	2,164,346	3,202,301	1,416,051	1,027,595	1,269,185
Closing cash, cash equivalents and bank accounts	**2,234,551**	**1,416,051**	**1,027,595**	**1,269,185**	**1,534,812**
Summary of Bank Accounts					
BNZ - Call a/c	2,234,551	1,416,051	1,027,595	1,269,185	1,534,812
Closing Balance of Bank	**2,234,551**	**1,416,051**	**1,027,595**	**1,269,185**	**1,534,812**

1. Cross-council infrastructure procurement was brought under Company Management & Support in the 2024 SoI. We committed to an 18-month trial and are now in the process of conducting a review.

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Appendix I: Governance

Co-Lab is owned in equal portion by the 12 Local Authorities:

- Hamilton City
- Hauraki District
- Matamata Piako District
- Ōtorohanga District
- Rotorua Lakes District
- South Waikato District
- Thames-Coromandel District
- Waikato District
- Waikato Regional
- Waipa District
- Waitomo District
- Western Bay of Plenty District

Co-Lab's vision is that council collaboration through Co-Lab maximises community wellbeing. The company's purpose is to achieve this vision by helping councils identify and realise shared opportunities. It achieves these outcomes by:

- Acting as an ideas laboratory for developing opportunities that create value to councils;
- Providing shared services to councils; and
- Entering joint procurement arrangements for the benefit of councils.

Co-Lab conducts itself in accordance with its constitution, its annual Statement of Intent, the provisions of the LGA and Co-Lab policies.

The Board is made up five council representative directors and an independent Chair. There is also a standing Audit & Risk Committee.

The current Directors of Co-Lab are:

Director	**Representing**
Peter Stubbs	Independent Chair
Chris McLay	Waikato Regional Council
Lance Vervoort	Hamilton City Council
Ben Smit	Ōtorohanga, Rotorua, South Waikato and Waitomo District Councils
Steph O'Sullivan	Waikato and Waipā District Councils
David Speirs	Hauraki, Matamata-Piako, Thames-Coromandel District and Western Bay of Plenty District Council

The independent Chair of Co-Lab receives director fees and reimbursed expenses. Directors representing the councils will not receive any fees or reimbursed expenses for work undertaken on behalf of the company.

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Appendix II: Policy Statements

Statement of accounting policies

Reporting entity

Waikato Local Authority Shared Services Limited ("the Company") is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The company is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of the shareholding councils' right to appoint the Board of Directors.

The primary objectives of the Company are to:

- Develop opportunities that benefit the Waikato region's local authorities; and
- Act as a vehicle to deliver value-added services to those local authorities.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

Summary of significant accounting policies

Basis of preparation

Financial statements are prepared on the going concern basis, and the accounting policies are applied consistently throughout the period.

Statement of Compliance

Financial statements are prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Financial statements are prepared in accordance with and comply with Tier 2 PBE Standards reduced disclosure regime (RDR). WLASS is eligible to report under the RDR as it:

- is not publicly accountable; and
- has expenses more than $2 million, but less than $30 million.

The accounting policies set out below are consistent with the prior year, other than the inclusion of policy:

- on operating leases, related to the lease of commercial premises;
- employees; and
- property, plant and equipment.

Measurement base

The financial statements are prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

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The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

In preparing the financial statements the Company makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas requiring estimate or assumptions made that are considered to carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Intangible assets

Useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company and expected disposal proceeds from the future sale of the future sale of the asset.

An incorrect estimate of the useful life of residual value will impact the amortisation expense recognised in the income statement and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

Impairment of intangible assets

Intangible assets measure at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is higher of an assets fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus deficit.

Revenue

Revenue

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services, excluding GST, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

Other Revenue

Member charges for all activities are recognised when invoiced to the user (i.e. councils). The recorded revenue is the net amount of the member charges payable for the transaction.

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Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. Until such time, contributions are recognised as liabilities.

Operating expenses

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Personnel costs

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

Receivables

Short-term receivables are recorded at the amount due, less any provision for amounts not considered collectable.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against

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which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Intangible assets Other financial assets

Investments in bank deposits are measured at fair value plus transaction costs.

At each balance date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the income statement.

Payables and deferred revenue

Short-term creditors and other payables are recorded at their face value.

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

Employee benefits liabilities

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These includes salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extend it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

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Reconciliation of equity

Equity is the shareholders interest in WLASS and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.

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