



2024 Statement of intent

For the year ended 30 June 2025

**Council collaboration through Co-Lab
maximises community wellbeing.**

Table of Contents

MESSAGE FROM THE CHAIR	3
STATEMENT OF INTENT AT A GLANCE - OUR 3-YEAR STRATEGY	4
Commentary	4
PERFORMANCE MEASURES	5
NATURE & SCOPE OF SERVICES	6
Opportunity Development	6
Shared Services	6
FINANCIALS	8
Overview	8
Statement of Financial Performance.....	9
Statement of Financial Position.....	10
Statement of Cashflows.....	10
APPENDIX I: GOVERNANCE	11
APPENDIX II: POLICY STATEMENTS	12

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 2025 to 30 June 2027.

Message from the Chair



“If you make your business about helping others, you’ll always have plenty of work” – Blogger Chris Guillebeau.

When I read this quote, I felt it summed up the role Co-Lab plays for councils, and equally summed up councils’ role in helping communities. Co-Lab is a non-profit owned by councils. Co-Lab exists to help its shareholding councils maximise community wellbeing. It does this by identifying and realising shared opportunities through collaboration.

It’s clear that there is plenty of work ahead for councils and Co-Lab. The next year will likely be made more complex by legislative reform and rates increases, and other change that will undoubtedly come from a new government.

To ensure we are focused on the right tasks, allowing our council shareholders to assist their communities, for the first time Co-Lab Management has created a 3-year strategy. The strategy will see the company:

- Improve the way that it communicates the value it provides to shareholders, and increase that value;
- Focus on growing shared services, which may include providing services to councils who are not shareholders, but never at the expense of value to shareholders; and
- Employ great people with diversity of thought so shareholders receive high-quality services.

This strategy builds on our Benefits of Collaboration Framework, which clarifies the value and measures of regional collaboration through Co-Lab into three main outcomes: reducing costs, creating value and enabling innovation and collaboration.

In this Statement of Intent, we are signalling our intention to adopt the three-year strategy and new related performance measures, although work towards these goals began as soon as The Board and council ELTs validated it during 2023.

We are committed to playing our part in helping councils reduce costs. We will be reducing council member charges for FY2024/25, from what they otherwise would have been, by ~\$900k across our various workstreams, using cash-on-hand. This manifests itself as a significant operating loss in that year but reflects a one-off adjustment, so the company remains in a sustainable financial position longer term.

On the back of the Government’s repeal of the water reform legislation and the proposed “Local Water Done Well” approach, our financial forecasts now assume that Co-Lab Waters will remain with Co-Lab throughout the forecast period.

Yours Sincerely,
Peter Stubbs
Chair

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



Commentary

While Co-Lab has had a performance framework in place for some time, it did not include long-term goals and did not provide a clear line of sight for Co-Lab people to understand how their individual KPIs related to it. And while the previous vision and purpose were adequate, the vision needed to more strongly indicate what Co-Lab is about – collaboration.

In creating the three-year strategy, we considered the operating environment for the next three to five years and what is important to shareholders in the success of their council-controlled organisation (CCO). With this in mind, we still have work to do for our shareholders to perceive value from Co-Lab, and improve that value, for our existing services to be better utilised, and to grow the suite of services on offer. To achieve strategic goals one and two, we need to invest in our people.

For the purpose of articulating our strategy, we have referred to 24 new instances of Co-Lab shared services being utilised. In this context, these instances could include councils that already have some existing Co-Lab services that may take up other existing Co-Lab services or newly available Co-Lab services, and councils that are not shareholders that may take up Co-Lab services. This objective in our strategy is not about increasing Co-Lab shareholders.

We have reviewed the previous performance measures. In most cases, while these previous measures may continue to be monitored internally at an operational level, they have been superseded by the new objectives.

Performance measures

To ensure we deliver against our 3-year strategy, we will be using the following annual Key Performance Indicators (KPI).

Strategic goal	3-year Objective	Annual KPI
Shareholding councils understand we provide them value	<ul style="list-style-type: none"> We know the value we provide shareholders has improved by 15%, by 30 June 2027* <i>(baseline y/e 30 June 23)</i>. By 30 June 2027, 80% of shareholders agree they get value from Co-Lab. All shareholders take up at least one additional shared service. <p><i>*Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration).</i></p>	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 24 new instances of Co-Lab shared services being utilised, by June 2027 <i>(baseline y/e 30 June 23)</i> 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Maintain staff engagement above 85% Staff turnover is less than 15%. Our vacancies are filled by suitable candidates within 3 months. <p><i>All baselined y/e 30 June 23)</i></p>	<ul style="list-style-type: none"> Maintain staff engagement above 85% Staff turnover is less than 15%. Vacancies are filled by suitable candidates within 3 months.

Nature & Scope of services

Co-Lab has three main functions.

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, or enable innovation.

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

Shared Services

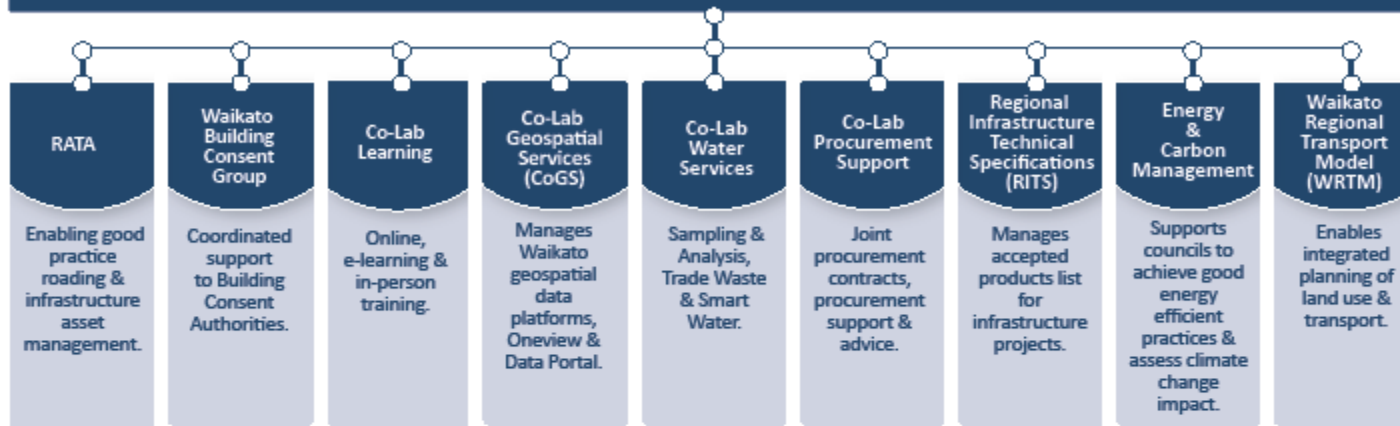
A list of our shared services follows on page 7. For more information on our services, please visit our website www.colabsolutions.govt.nz

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. Co-Lab also manages a number of joint contracts with suppliers that councils can be part of.

SERVICE DELIVERY

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



PARTICIPATING COUNCILS 2024

Shareholding Councils

Hamilton City Council	●	●	●	●	●	●	●	●	●
Hauraki DC	●	●	●	●	●	●			
Matamata-Piako DC	●	●	●	●	●	●	●	●	●
Ōtorohanga DC	●	●	●	●	●	●			
Rotorua Lakes Council			●	●	●	●	●	●	
South Waikato DC	●		●	●	●	●	●	●	
Thames-Coromandel DC	●	●	●			●		●	●
Waikato DC	●	●	●	●		●	●	●	●
Waikato Regional Council	●		●	●		●		●	●
Waipā DC	●	●		●	●	●	●	●	●
Waitomo DC	●	●	●	●	●	●			
Western Bay DC						●			
Other Councils									
Taupō DC	●			●	●	●		●	●
Service GROWN since 2019	●			●			●		●
Service NEW since 2019	●		●		●	●			

Financials

Overview

Services

Revenue from services decreases in the 2024/25 financial year (FY), as we intend to utilise cash surpluses across the workstreams wherever possible to minimise the cost to councils.

Member charges

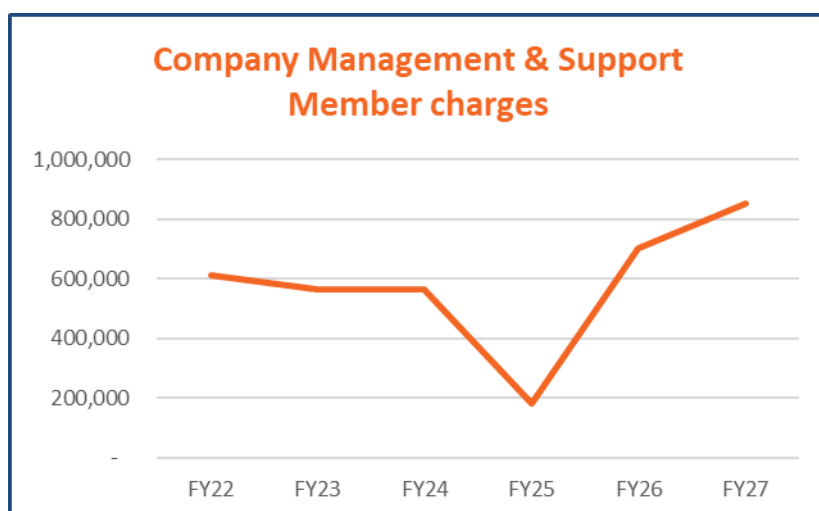
In the past few years, we have held member charges for core operating costs (company management and support) relatively constant. We intend to use current cash surpluses to reduce member charges in FY25. Councils will still be charged for the individual shared services they use but the cash surpluses will result in markedly lower member charges, to help our shareholding councils at this time.

In this SOI we are also signalling our intention to change the way we ask councils to fund cross-council infrastructure procurement resource. The financial forecasts reflect the resource being included under Company Management & Support, and accordingly funded through member charges, as opposed to what has to date been a user pays model. By doing so this removes what we believe has been a key barrier to councils using the resource.

The change will take effect with an 18-month trial to assess its success or otherwise.

Considering the above, there is a 'one-off' reduction in member charges for FY25, with member charges returning to 'normal levels' from FY26 (taking into account the change in approach for funding cross-council infrastructure).

We are always considering where there are opportunities to reduce costs without undermining our ability to deliver value to you, and how we might otherwise increase revenue streams. Our goal remains to minimise the increase in member charges.



Cashflow

We intend to draw on cash reserves to fund the operating losses that are forecast in the out-years. While doing so our financial position remains robust.

Statement of Financial Performance

Co-Lab Company Summary for the forecast financial years ended 30 June 2025-2027					
	Budget 2023/24	Forecast 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Income					
Company Management / Support	1,209,916	970,286	589,962	1,121,340	1,285,407
Working parties projects	724,929	713,349	628,741	576,178	604,987
RITS	27,000	27,000	-	-	11,977
Information Technology	766,177	772,835	-	-	-
Energy Management	137,838	144,824	94,421	151,642	159,224
Shared Valuation Data Service (SVDS)	447,506	368,825	392,892	409,638	425,251
Road Asset Technical Accord (RATA)	1,504,614	2,280,627	2,082,874	2,573,383	2,362,527
Waikato Regional Transport Model (WRTM)	1,751,775	643,615	1,163,990	1,644,615	512,904
Waikato Building Consent Group	381,350	357,924	160,194	341,750	402,607
Waikato Mayoral Forum	5,000	5,005	10,130	10,637	11,168
Water Collaboration	493,988	-	-	-	-
Co-Lab Water Services	3,474,554	3,684,498	4,260,948	4,473,995	4,697,695
Co-Lab Learning	423,368	440,615	445,907	556,632	564,214
Procurement	325,000	250,286	193,442	203,114	213,270
Geospatial	69,170	70,770	31,677	43,376	91,356
Communications Resource	224,400	65,773	62,484	65,608	68,889
Total Income	11,966,585	10,796,232	10,117,661	12,171,908	11,411,475
Operating Expenditure					
Company Management / Support	1,507,208	1,243,455	1,480,105	1,568,234	1,639,699
Working parties projects	724,929	740,637	628,741	576,178	604,987
RITS	15,600	24,157	24,469	25,693	26,977
Information Technology	666,474	749,815	-	-	-
Energy Management	137,838	140,731	144,421	151,642	159,224
Shared Valuation Data Service (SVDS)	309,151	282,920	302,063	311,574	321,394
Road Asset Technical Accord (RATA)	1,500,183	2,577,990	2,078,443	2,568,819	2,357,735
Waikato Regional Transport Model (WRTM)	1,722,615	643,615	1,163,990	1,644,615	512,904
Waikato Building Consent Group	381,350	370,161	360,194	381,750	402,607
Waikato Mayoral Forum	5,000	5,000	10,130	10,637	11,168
Water Collaboration	491,474	-	-	-	-
Co-Lab Water Services	3,236,070	3,331,138	4,021,258	4,222,320	4,433,437
Co-Lab Learning	473,159	491,176	517,349	556,632	564,214
Procurement	329,696	324,629	193,442	203,089	213,218
Geospatial	69,170	70,783	82,863	87,006	91,356
Communications Resource	224,400	64,817	64,001	67,189	70,536
Total operating expenditure	11,794,318	11,061,025	11,071,468	12,375,379	11,409,456
Earnings before interest, tax and depreciation/ amortisation (EBITDA)	172,267	(264,793)	(953,807)	(203,471)	2,019
Depreciation / amortisation					
Company Management / Support	41,665	27,419	44,087	46,292	48,606
WBCG	0	3,076	3,072	3,072	3,072
Co-Lab Learning	0	867	864	864	864
Procurement	0	1,791	1,872	1,872	1,872
Communications	0	770	840	840	840
WRTM	29,160	-	-	-	-
Total Depreciation / amortisation	70,825	33,923	50,735	52,940	55,254
Earnings before interest and tax (EBIT)	101,442	- 298,715	(1,004,542)	- 256,410	- 53,235
Net Surplus (Deficit) before tax	101,442	(298,715)	(1,004,542)	(256,410)	(53,235)

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

Statement of Financial Position

Co-Lab					
Financial Position					
for the forecast financial years ended 30 June 2025-2027					
	Budget 2023/24	Forecasted 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
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	(1,467,033)	(460,604)	(759,319)	(1,763,861)	(2,020,272)
Plus Current Year Operating Surplus/(Deficit)	2,466	(298,715)	(1,004,542)	(256,410)	(53,235)
TOTAL CAPITAL FUNDS	1,492,434	2,197,682	1,193,140	936,729	883,495
ASSETS					
CURRENT ASSETS					
Prepayments	134,000	4,128	3,300	3,465	3,638
Accounts Receivable	580,998	598,329	505,883	608,595	570,574
Bank	2,164,346	2,397,159	1,862,744	1,583,677	1,556,814
GST Receivable / (Payable)	5,097	(28,145)	(30,554)	65,120	68,083
TOTAL CURRENT ASSETS	2,884,442	2,971,471	2,341,373	2,260,857	2,199,109
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	150,132	185,000	197,500	197,500	197,500
Accumulated Depreciation - IT equipment & Office Furniture	(41,546)	(33,923)	(92,281)	(139,440)	(188,804)
TOTAL NON-CURRENT ASSETS	108,587	151,077	105,219	58,060	8,696
TOTAL ASSETS	2,993,028	3,122,549	2,446,592	2,318,917	2,207,805
LESS CURRENT LIABILITIES					
Accounts Payable	1,415,383	785,965	1,101,958	1,218,874	1,148,200
Accounts Payable Accrual	32,173	33,782	37,244	39,106	41,062
Employee Benefits	53,038	105,120	114,251	124,207	135,049
TOTAL CURRENT LIABILITIES	1,500,594	924,866	1,253,452	1,382,187	1,324,310
NET ASSETS	1,492,434	2,197,682	1,193,140	936,729	883,495

Statement of Cashflows

Co-Lab					
Statement of Cashflows					
for the forecast financial years ended 30 June 2025-2027					
	Budget 2023/24	Forecasted 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Cashflows from Operating Activities					
Interest Received / (Paid)	80,625	60,594	70,282	70,272	70,261
Receipts from Other Revenue	11,868,628	11,850,047	10,137,268	11,998,714	11,379,015
Payments to Suppliers	(11,879,652)	(11,470,117)	(10,741,854)	(12,246,599)	(11,467,286)
Taxes Paid	0	0	0	0	0
Goods & Services tax (net)	30,937	(271,978)	2,409	(95,674)	(2,963)
Net cash from operating activities	100,538	168,546	(531,895)	(273,287)	(20,973)
Cashflows from Investing Activities					
Capital enhancements	0	0	0	0	0
Purchase of PPE	(30,334)	(84,502)	(4,877)	(5,780)	(5,891)
Purchase of investments	0	0	2,358	0	0
Net cash from investing activities	(30,334)	(84,502)	(2,519)	(5,780)	(5,891)
Net increase in cash, cash equivalents and bank accounts	70,205	84,044	(534,415)	(279,067)	(26,863)
Opening cash and cash equivalents and bank overdrafts	2,164,346	2,313,115	2,397,159	1,862,744	1,583,677
Closing cash, cash equivalents and bank accounts	2,234,551	2,397,159	1,862,745	1,583,677	1,556,814
Summary of Bank Accounts					
BNZ - Call a/c	2,234,551	2,397,159	1,862,744	1,583,677	1,556,814
Closing Balance of Bank	2,234,551	2,397,159	1,862,744	1,583,677	1,556,814

Appendix I: Governance

Co-Lab¹ is owned in equal portion by the 12 Waikato Local Authorities²:

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

Co-Lab's³ 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
Gavin Ion	Waikato and Waipa District Councils
Vacant	Hauraki, Matamata-Piako, Thames-Coromandel District and Western Bay of Plenty District Council

³ Co-Lab is the trading name of Waikato Local Authority Shared Services Ltd

Peter Stubbs' appointment as Independent Chair has been renewed for a further three years from 1 July 2022.

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.

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.

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.

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 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 extent 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.

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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.

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.