



COLAB

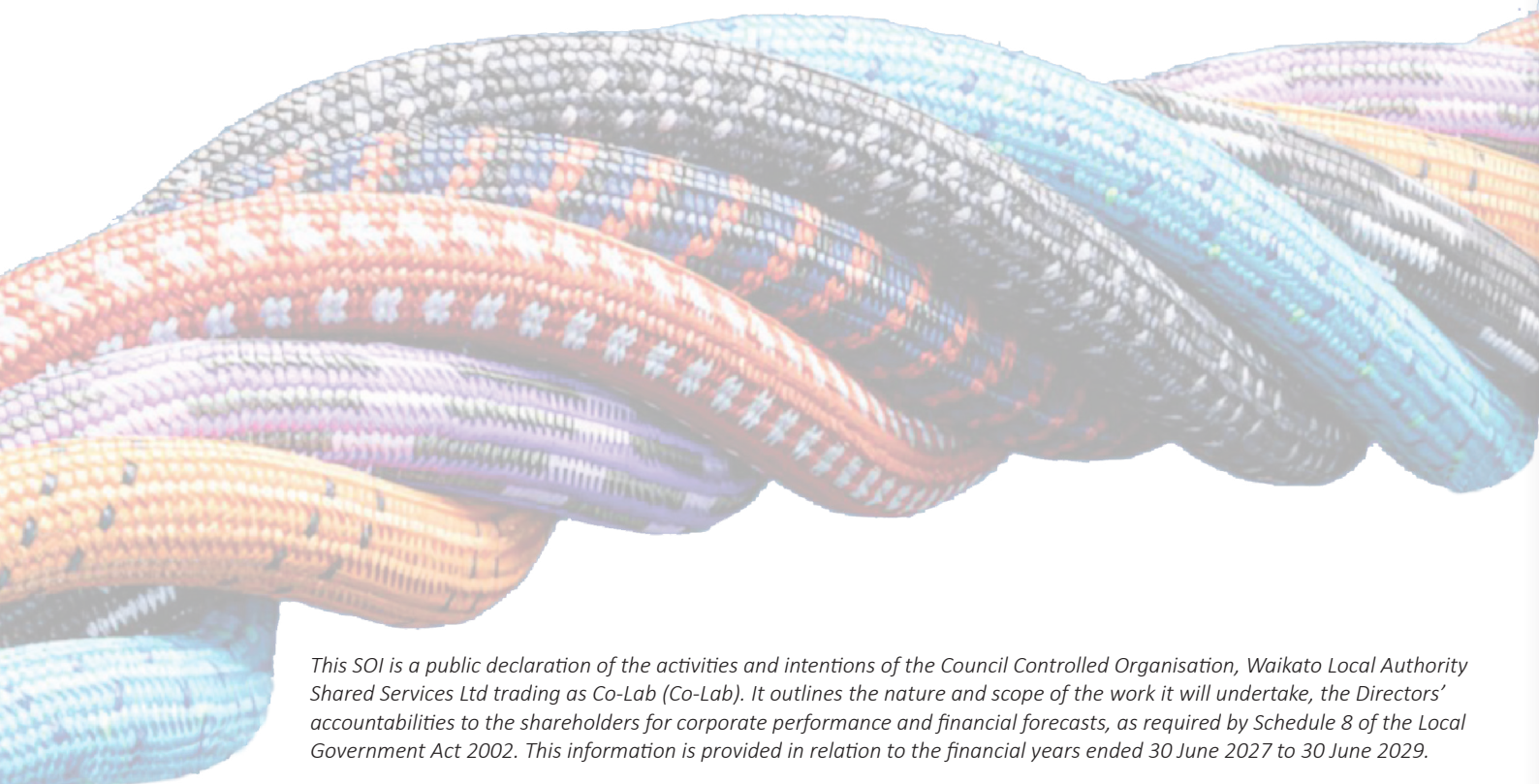
BETTER TOGETHER

2026 STATEMENT OF INTENT

for the year ended 30 June 2027

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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 2027 to 30 June 2029.

MESSAGE FROM THE CHAIR

As we enter the final year of our three-year strategy, Co Lab's purpose remains unchanged: that we help our councils identify and realise shared opportunities. What is changing is our pace and scale.

Over the last two years, councils have asked more of us and, importantly, have been proactive in working with us to establish shared services. That commitment has lifted performance and confidence in doing things together. It also means we are likely to meet our growth targets ahead of plan, so we are stretching further in FY2026.

We will continue to be responsive to how you want to utilise your collaboration CCO, and flexible in the way we deliver to you. Some councils will want us to lead delivery; others will prefer to co-design. Either way, our role is to be a reliable enabler for collaboration behind the scenes - a dependable backbone that helps councils work smarter, faster, and together, while maintaining a human touch where it matters.

In 2026 we are projecting revenue growth across key services - RIMU and Co-Lab Building Services (CBS) in particular - supported by our aspiration for new council customer uptake of our growing set of services.

As this growth materialises, our intent is simple: reinvest to create even more value for councils and, over time, reduce reliance on member charges. That direction is consistent with our longer term ambition to be increasingly self-sufficient through the value we deliver.

Local government continues to face sector reform and fiscal pressure. The Waikato's strategic position in the country and the Government's focus on enabling growth and infrastructure will keep expectations high while resources are constrained. Collaboration - across councils,

with iwi, and with central government - remains our most practical lever to deliver better, faster, and more affordably.

We have made no assumptions about the outcomes of central government reform. Councils' appetite for the Government's headstart pathway will become clearer over the next few months.

As that picture develops, the Board will consider Co-Lab's strategy for the next three-year period in light of the expected changes to local government. That is likely to include how we continue to grow service-based revenue, including through uptake by new council customers, and over time reduce reliance on member charges.

Our commitment to you is practical and unwavering: to help you make a dollar, save a dollar, or improve your service—and do it together, where together makes it better.

Thank you for your continued trust and leadership.



Yours Sincerely,

Peter Stubbs

Chair

STATEMENT OF INTENT 'AT A GLANCE'

OUR 3-YEAR STRATEGY

OUR VISION



Council collaboration through Co-Lab maximises community wellbeing

OUR PURPOSE



Support our councils to achieve this vision by helping them identify and realise shared opportunities

PERFORMANCE FRAMEWORK OUTCOMES



Reduce Costs

- Achieve efficiency gains & economies of scale
- Reduce duplication of effort & eliminate waste through repetition
- Help councils achieve an appropriate balance in risk & return

Create Value for Councils

- Improved levels of quality & service
- Increased skills & expertise
- Improved compliance
- Improved decision making

Enable Innovation & Change

- Research & development
- Promote & contribute to the development of best practice
- Coordinated & consistent approach to provision of services
- Communities engage with councils in our region on a consistent basis



3-YEAR S.M.A.R.T. GOALS

Strategic Goals (3-Year)

1. Shareholding Councils understand we provide them value
2. Deliver value by growing the scale of our shared service function
3. Diverse, talented and motivated people work for us



Objectives

- We know the value we provide shareholders has improved by 15%, by 30 June 2027
- By 30 June 2027, 80% of shareholders agree they get value from Co-Lab
- 28 New instances of Co-Lab's shared services being utilised by 30 June 2027
- Staff engagement is maintained at 85% or above, by 30 June 2027
- Staff turnover is less than 15% per annum
- Our vacancies are filled by suitable candidates within 3 months

Baseline y/e 30 June 2023

Reference to "shareholders" includes feedback from any stakeholders from shareholding councils that may interact with Co-Lab.

Co Lab defines value to shareholding councils as improvements in cost efficiency, service quality, capability and resilience that councils could not achieve as effectively on a standalone basis. This value is measured through a combination of financial outcomes (including cost avoidance and shared savings), service performance metrics, council uptake and satisfaction, and the extent to which shared services reduce duplication and operational risk.

COMMENTARY

Co-Lab remains aligned with its three-year strategy outlined in the 2024 Statement of Intent. At 31 December 2025 (halfway through our 3-year strategy), we had expanded our shared services function by 16 instances, progressing towards the original target of 24 instances over the three-year period. With this great progress realised, we are now setting our sights on achieving 28 instances over the three-year period.

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* <i>(baseline y/e 30 June 24).</i> <i>*Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration).</i>	Year-on-year increase in the value we provide to councils.
	By 30 June 2027, 80% of shareholders agree they get value from Co-Lab.	80%+ of council survey respondents believe those Co-Lab services they received meet or exceed their expectations (evidenced by an annual survey).
	All shareholders take up at least one additional shared service.	Year-on-year increase in the utilisation of services we provide to councils.
Deliver value by growing the scale of our shared service function.	28 new instances of Co-Lab shared services being utilised, by June 2027. <i>(baseline y/e 30 June 24)</i>	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%.	Maintain staff engagement above 85%.
	Staff turnover is less than 15%.	Staff turnover is less than 15%.
	Our vacancies are filled by suitable candidates within 3 months. <i>All baselined y/e 30 June 24)</i>	Vacancies are filled by suitable candidates within 3 months.

Reference to "shareholders" includes feedback from any stakeholders from shareholding councils that may interact with Co-Lab.

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

Beyond the focus areas below, Co-Lab will develop opportunities that will reduce costs, create value for councils, and/or enable innovation, at the direction of its shareholding councils.

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.

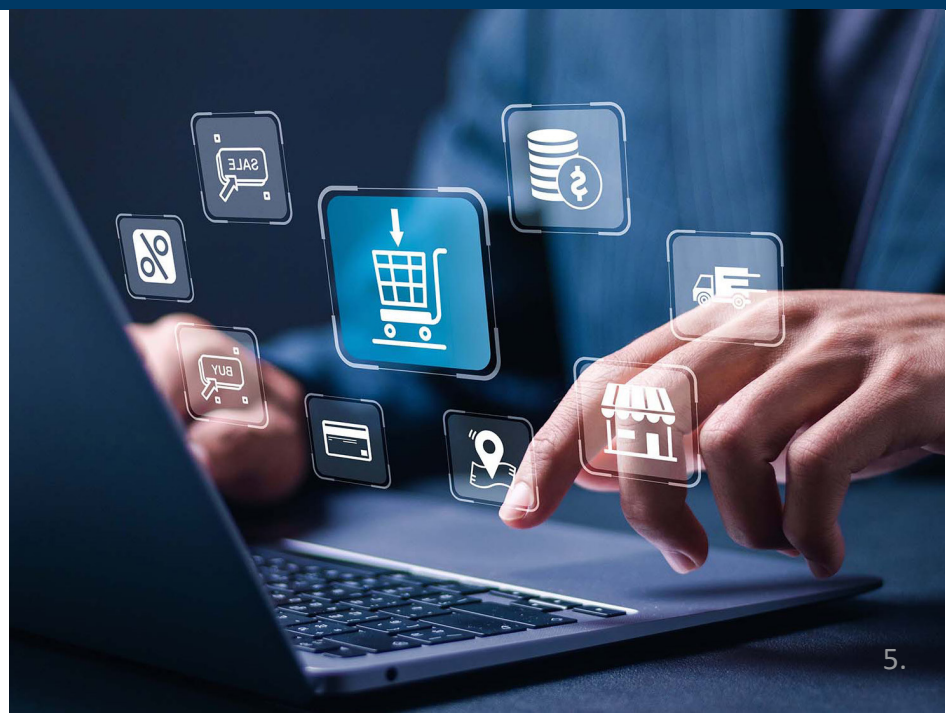
The nature of some existing services have evolved but for the most part, they remain largely unchanged from prior years. We have however established a significant new service, RIMU (Road Infrastructure Measurement & Use), in partnership with NZTA's Road Efficiency Group.

Co-Lab Water Services has been forecast to remain a Co-Lab operated service for the period. The staff will be employed by IAWAI and the same arrangements to operate the service will continue with consolidation of the customer base over time.

For more information on our services, please visit our website 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.





FOCUS AREAS

BUILDING CONSENT TRANSFORMATION & AUTOMATION

- Onboarding councils to Co-Lab Building Services
- Launching Project LEGO (building consent checking assistant)

SERVICE GROWTH TO NEW COUNCIL CUSTOMERS

- Prioritising Co-Lab Building Services, followed by Trade Waste and RAMM expertise (RATA)

REGIONAL COLLABORATION

- Enabling collaborative initiatives from Mayoral Forum & CE Forum (similar to Waikato Water Done Well)

SERVICE DEVELOPMENT

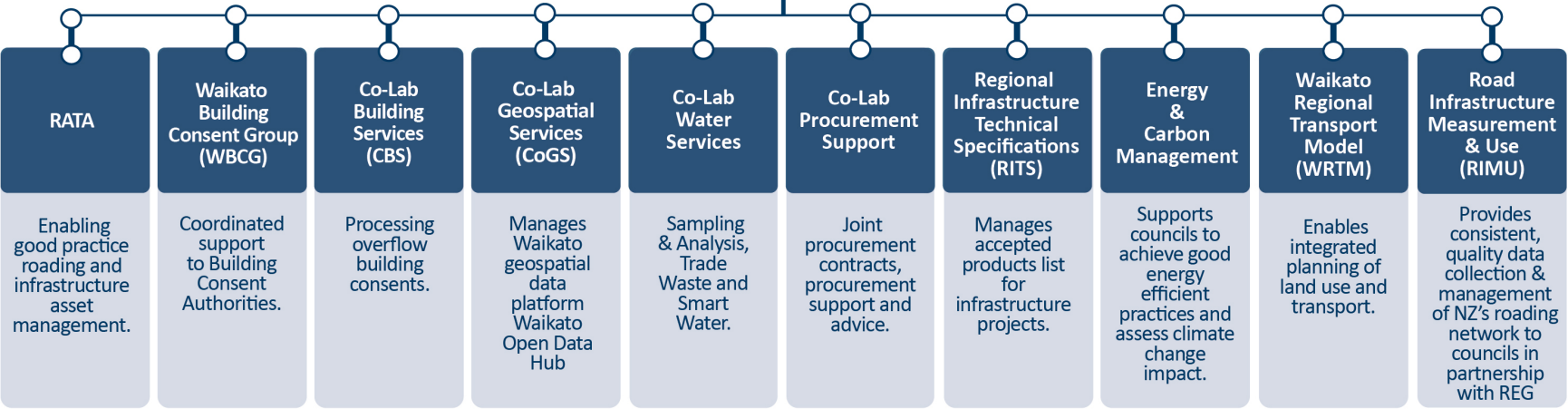
- RATA Spaces & Places

PROCUREMENT & COST EFFICIENCY

- Joint procurement initiatives including renewal of Shared Valuation Data Service (SVDS)

CO-LAB SERVICE DELIVERY

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



PARTICIPATION

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/Customers									
Taupō DC	•			•	•	•	•		
Hamilton Airport					•				
Road Controlling Authorities									•
Service GROWN since 2019	•			•			•	•	
Service NEW since 2019	•		•		•	•			•

FINANCIALS

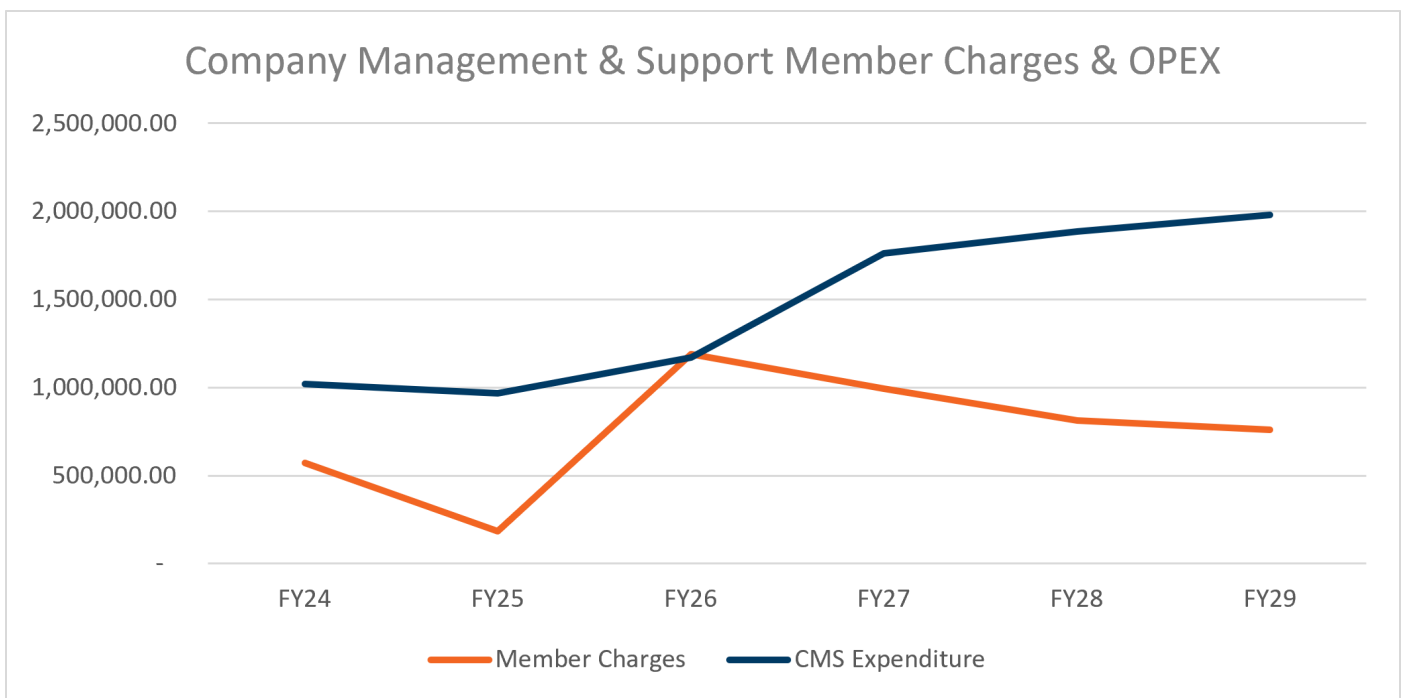
OVERVIEW

SERVICES

Revenue from services is budgeted to increase in the 2026/27 financial year (FY), primarily driven by the continued growth and success of our new services, RIMU and Co-Lab Building Services. As in previous years, we continue to use revenue generated within services to minimise the cost to member councils wherever possible.

MEMBER CHARGES

Following the one-off reduction in FY25, when cash reserves were used to significantly lower member charges, we previously indicated that charges would return to normal levels from FY26. In FY27, Company Management & Support (CMS) operating expenditure increases to support continued growth in our services. Importantly, that growth also increases service revenue, enabling a reduction in member charge contributions from councils. That is, the additional cost reflects investment in growth rather than increased reliance on shareholder funding.



There is a significant level of uncertainty with the proposed central government reforms, particularly in the latter years of the SOI. How these reforms may ultimately play out across our shareholders and their consequent impact on Co-Lab will become clearer in the coming months. Given the current lack of clarity, the budget and forecasts have been prepared based on the information available today rather than reflecting any assumptions about the financial impact of future reform.

STATEMENT OF FINANCIAL PERFORMANCE

Co-Lab Company Summary for the forecast financial years ended 30 June 2027-2029					
	Budget 2025/26	Forecast 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Income					
Data Sales	409,636	350,158	312,616	328,249	344,661
Services Revenue	13,293,272	13,452,308	13,795,139	14,487,520	15,202,640
Interest Revenue	60,000	60,000	60,000	63,000	66,150
Total Income	13,762,908	13,862,466	14,167,755	14,878,769	15,613,451
Operating Expenditure					
Personnel Costs	5,625,819	5,823,253	7,749,091	8,394,723	8,812,400
Depreciation and amortisation	53,076	27,342	27,546	31,549	32,783
Other Expenditure	7,907,388	7,534,400	6,671,953	6,417,635	6,904,747
Total operating expenditure	13,586,283	13,384,995	14,448,590	14,843,907	15,749,930
Net Surplus (Deficit) before tax	176,625	477,471	(280,835)	34,862	(136,479)

STATEMENT OF FINANCIAL POSITION

Co-Lab Financial Position for the forecast financial years ended 30 June 2027-2029					
	Budget 2025/26	Forecast 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
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	(2,218,374)	(1,255,375)	(777,904)	(1,058,739)	(1,023,878)
Plus Current Year Operating Surplus/(Deficit)	176,625	477,471	(280,835)	34,861	(136,479)
TOTAL CAPITAL FUNDS	915,253	2,179,097	1,898,262	1,933,123	1,796,644
ASSETS					
CURRENT ASSETS					
Prepayments	6,350	0	6,350	6,668	7,001
Accounts Receivable	688,146	2,079,370	2,125,163	2,231,815	2,342,018
Bank	1,027,595	1,558,086	823,311	806,397	597,311
GST Receivable / (Payable)	57,092	23,066	(24,037)	(6,678)	(9,532)
TOTAL CURRENT ASSETS	1,779,183	3,660,523	2,930,787	3,038,202	2,936,798
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	226,670	286,670	326,670	366,670
Accumulated Depreciation - IT equipment & Office Furniture	(145,356)	(142,335)	(172,898)	(204,448)	(237,230)
TOTAL NON-CURRENT ASSETS	52,144	84,335	113,772	122,222	129,440
TOTAL ASSETS	1,831,327	3,744,858	3,044,559	3,160,424	3,066,238
LESS CURRENT LIABILITIES					
Accounts Payable	737,951	1,354,491	917,406	965,982	1,000,293
Accounts Payable Accrual	39,106	39,443	40,700	42,735	44,872
Employee Benefits	139,016	171,826	188,191	218,583	224,428
TOTAL CURRENT LIABILITIES	916,074	1,565,760	1,146,297	1,227,301	1,269,593
NET ASSETS	915,253	2,179,097	1,898,262	1,933,123	1,796,644

STATEMENT OF CASHFLOWS

Co-Lab					
Statement of Cashflows					
for the forecast financial years ended 30 June 2027-2029					
	Budget 2025/26	Forecast 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Cashflows from Operating Activities					
Interest Received / (Paid)	59,484	32,612	60,000	63,000	66,150
Receipts from Other Revenue	13,515,578	16,051,131	14,059,603	14,709,117	15,437,098
Payments to Suppliers	(13,796,410)	(13,870,324)	(14,846,861)	(14,731,672)	(15,675,188)
Taxes Paid	0	0	0	0	0
Goods & Services tax (net)	(132,793)	(439,429)	47,103	(17,359)	2,854
Net cash from operating activities	(354,141)	1,773,990	(680,155)	23,086	(169,086)
Cashflows from Investing Activities					
Capital enhancements	0	0	0	0	0
Purchase of PPE	(36,674)	(40,000)	(56,979)	(40,000)	(40,000)
Purchase of investments	2,358	0	2,358	0	0
Net cash from investing activities	(34,316)	(40,000)	(54,621)	(40,000)	(40,000)
Cashflows from Agency Activities					
Net receipts held on behalf of councils	0	(1,337,245)	0	0	0
Net cash from agency activities	0	(1,337,245)	0	0	0
Net increase in cash, cash equivalents and bank accounts	(388,457)	396,745	(734,775)	(16,914)	(209,086)
Opening cash and cash equivalents and bank overdrafts	1,416,052	1,161,341	1,558,086	823,311	806,397
Closing cash, cash equivalents and bank accounts	1,027,595	1,558,086	823,311	806,397	597,311
Summary of Bank Accounts					
BNZ - Call a/c	1,027,595	1,558,086	823,311	806,397	597,311
Closing Balance of Bank	1,027,595	1,558,086	823,311	806,397	597,311

APPENDIX I : GOVERNANCE

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



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 comprises five council representative directors and an independent Chair. There is also a standing Audit & Risk Committee.

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.

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 & 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 & 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 & 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 & 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.

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.

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.

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.