



value beyond boundaries™

Local Authority Shared Services Limited
Financial statements
for the year ended 30 June 2015

Contents

	Page
Annual Directors' Report to Shareholders	2
Auditors' report	8
Directory	11
Financial statements	
Statement of comprehensive revenue and expense	12
Statement of changes in equity	13
Statement of Financial Position	14
Cash flow statement	15
Notes to the financial statements	
1 Statement of accounting policies for the year ended 30 June 2015	16
2 Summary of significant accounting policies	16
3 Critical accounting estimates and assumptions	19
4 Other revenue	19
5 Other expenses	19
6 Income tax	20
7 Cash and cash equivalents	21
8 Receivables	21
9 Intangible assets	21
10 Payables and deferred revenue	22
11 Reconciliation of equity	22
12 Commitments	24
13 Contingencies	24
14 Related party transactions	24
15 Director and executive disclosures	25
16 Events occurring after the balance date	25
17 Financial instruments	26
18 Explanation of major variances against budget	27
19 Adjustments to the Comparative Year Financial Statements	28

Annual Directors' Report to Shareholders

The Local Authority Shared Services Limited (LASS) was incorporated in December 2005. This tenth annual report covers the period 1 July 2014 to 30 June 2015.

Message from the Directors

During the past year, the Company has been particularly focused on demonstrating the value that LASS delivers to the shareholding councils by undertaking a review of the benefits that have been achieved by LASS since its inception, continuing to improve the efficiency and effectiveness of the existing shared services, initiating new projects and work streams, and facilitating the Waikato Mayoral Forum work streams. The Company has become far more active as an initiator of shared services in the region, and is also now working more collaboratively with BOP LASS, MW LASS and HB LASS.

In September 2014, the Company engaged the services of a new contract Chief Executive for a year, based on working two days per week. We believe that she is already providing new opportunities that will add value for shareholders and that she is continuing to develop the organisation. Her contract has recently been extended for a further two years. The Company also continues to contract the services of a part-time Company Secretary and a part-time Accountant.

The three major established operations under the LASS umbrella (the Shared Valuation Data Service (SVDS), the Waikato Regional Transportation Model (WRTM), and the Insurance Advisory Group) continue to deliver value. They are now considered to be mature services and leaders in their field nationally. The cost of operating SVDS has reduced significantly, for two reasons: renegotiating the contracts with suppliers and increasing sales and revenue. The full benefits of these renegotiations will only be realised in the 2015/16 financial year. A new Contract Manager was appointed during the latter part of the financial year, due to the resignation of the previous manager.

The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is currently being updated to reflect the new census data from 2013. The external management contract for this service was recently renewed for a further two years, after which time the contract will be re-tendered. The operational contract expires in February 2016, prior to which it will be publicly re-tendered.

In 2014/15, through negotiation with the insurers, we achieved a 15% premium saving for the primary layer material damage insurance cover shared by all Councils, representing a saving of \$265,000 to the participating councils. The approach of the group has been to reinvest some of these savings into improving the insurance cover and underlying information on which the insurance assumptions are based, which will help to minimise insurance costs in future. Some of the key benefits of this shared service have included seeing the relationship with our insurance broker move to a consultative advisor, the achievement of significant premium savings but with enhanced cover arrangements, and a focus on risk mitigation initiatives.

During the year the Company has continued to pursue opportunities for additional shared services. These have included initiating a number of new projects: developing a shared regional GIS data portal, developing and implementing an on-line service for building consents (with other services (e.g. dog registration) to be progressively added once the on-line platforms are in place), and initiating energy audits to investigate energy efficiency opportunities, which have the potential to enable LASS to secure funding in the order of \$100,000 from the Energy Efficiency Conservation Authority. These projects are all expected to come to fruition during the 2015/16 financial year.

A significant new procurement project to establish a professional consultancy services panel was implemented for four of the shareholding councils. The discount range achieved is between 5% and 39% off the standard hourly rates charged for staff resources. Most of the discounts are in the 10 - 20% range off standard hourly rates. The 2014 annual spend on consultancy services across the four participating Councils was approximately \$13 million per annum. Therefore, the overall annual savings achieved from these contracts is expected to be in the range between \$650,000 and \$5,070,000, with the likely savings to be in the order of \$1,300,000 to \$2,600,000, depending on which consultants are actually engaged.

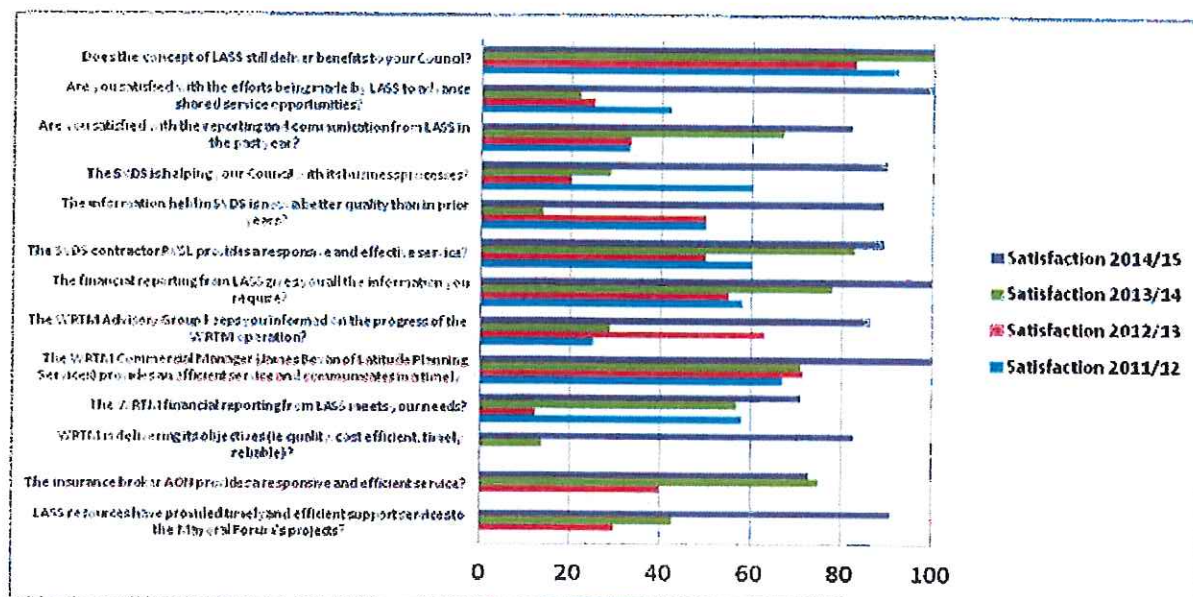
A new procurement project for testing water samples is currently in progress, and a range of further shared service opportunities are also being considered.

The Waikato Regional Aerial Photography Syndicate (WRAPS) became a LASS-managed project in December 2014. A LASS working party has been set up to consider the most appropriate technology to be used and the most efficient method for contracting the capture of both rural and urban imagery, which is undertaken every five years. The next contract is due to be let in 2016/17, and work is underway to develop the tender document.

During the year, LASS entered into a Memorandum of Understanding with LINZ to participate in the scanning of the historic aerial photos archive over the next four years. The total cost for the Waikato syndicate will be \$287,000, which includes a LINZ subsidy of \$56,000 due to the LASS councils working collaboratively.

The company continues to act as the legal entity to manage contracts arising from the work of the Waikato Mayoral Forum, as well as providing administrative support to the Forum.

Each year, LASS undertakes a survey of the shareholding councils to assess the level of satisfaction with LASS services. These surveys have been undertaken since 2007/08, and a summary of the results and trends is shown below.



Overall, the results show that the shareholding councils are very satisfied with the efforts being made by LASS to advance shared services projects across the region.

Governance

LASS has twelve Directors with each Director representing a shareholder Council. Each Director is currently a Chief Executive of a local authority. It is up to each shareholding Council to decide on their representative. In addition, the Board may appoint up to three professional directors to supplement the Directors' expertise. There are currently no independent Directors.

During the year, Barry Harris resigned as a Director, and the Board thanks him for his contribution. Richard Briggs joined the Board as his replacement in October 2014.

The Board looks forward to continuing to build on the LASS platform that has been established over the past 10 years, and will continue to consider new shared service opportunities that will help to achieve further benefits for shareholders.

The councils of the Waikato Region have put in place a Council Controlled Organisation (as defined in Part 5 of the Local Government Act 2002), to develop and deliver shared services, and to procure services which are available to be joined by any of the 12 shareholding councils that choose to do so. LASS can also provide a company structure for any Council that wishes to develop new services, under which they can develop and promote services to other local authorities and external parties.

As part of this strategic collaboration, LASS now provides support to the Waikato Mayoral Forum and to the working parties established by it.

Over the period that the company has been operating, a variety of benefits have been delivered in the form of:

- Improved levels and quality of service
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Opportunity to develop new initiatives
- Opportunity for all councils, irrespective of location or size, to benefit from joint initiatives

- Leveraging procurement opportunities through economies of scale resulting from a single entity representing councils

The LASS Directors continue to seek new opportunities, either from internal investigations or from shareholder initiatives that are presented to it with a sound business case. New services will only be adopted where a business case shows that they provide some form of benefit to the shareholders. The benefits that may be gained include the development of intellectual property through new business services, protection of Council data, improved levels of service, efficiencies and/or reduced cost. All proposals are presented to the Board for approval prior to implementation.

Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2014/15 financial year.

Performance Measure	Actual Outcome
The Statement of Intent is informed by the annual survey and independent benefits review.	Achieved. A draft Statement of Intent (SOI) for 2015/16 was distributed to all shareholding councils for comment and feedback on 26 February 2015. The annual survey of shareholders was completed and presented to the Board at their meeting on 22 May. The draft benefits review was presented to the Board at their meeting on 22 May. The final SOI was adopted by the Board on 26 June 2015 and distributed to all shareholders on 29 June.
Costs Control: Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$16,439 favourable to budget.
Cashflow: The company maintains an overall positive cashflow position.	Not achieved this year as cashflow was intentionally operated at a negative level in order to use up surpluses. The Company still maintains a safe cash position with the cash, cash equivalents and bank accounts balances at the end of June 2015 being \$693,617.
Reporting: The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.	Achieved. The 2013/14 Annual Report was sent to all shareholders on 22 September 2014. A 6-month report was sent to all shareholders on 26 February 2015.
Statutory Adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	Achieved. All parties have confirmed that there were no legislative breaches during the year, and this will be reported to the LASS Board at their August meeting when the Annual Report is presented.
SVDS Availability: That SVDS is available to users at least 99% of normal working hours.	Achieved. SVDS was available to users 99.8% of normal working hours.
SVDS Sales Data Delivery: That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	Achieved. 100% of agreed timelines were met.
SVDS Major Enhancement Development Hours: All Capital enhancement development work is supported by a business case approved by the Advisory Group.	Not applicable this year, as only minor work items of \$5,000 or less have been undertaken as per the road map approved by the SVDS Advisory Group.
WRTM: That all required modelling reports are actioned within the required timeframe.	Achieved. All modelling services were delivered within the required timeframe, or time extensions were agreed with the model partner / 3rd party concerned.
WRTM: That the base model adheres to "Screenline Validation Standards" as set out in the NZTA Economic Evaluation Manual (EEM) as indicated by an external independent peer review.	Achieved. The WRTM is going through an update process to bring it up to the 2013 census base. The peer reviewer has reviewed all technical notes and has advised that the revised base model meets the EEM standards. This has been documented in the peer reviewer's report. The modelling services undertaken were all done using WRTM version 7, which was last peer reviewed in 2013. No changes have been made to the model since that time.
WRTM: That a full report on progress of the model be provided to the LASS Board twice each year.	Achieved. The WRTM Contract Manager reported to the LASS Board in September 2014, October 2014, December 2014 and May 2015.
Insurance: The key performance indicators from appendix 4 of the brokerage contract are met.	Achieved. The KPIs in the brokerage contract are as follows: 1. Failure to undertake Gap Analysis and Risk profiling for each of the Councils. Achieved. The Gap Analysis was completed.

	<p>2. Not Achieving at least an overall saving of 15 % based on like for like coverage in non-property areas of the insurance profiles of LASS. Achieved.</p> <p>3 .Failure to give appropriate strategic advice on programme structure and improve coverage for the Councils in LASS. Achieved. A number of discussions and amendments have been made to and around the programme since the appointment of Aon. An example would be the Infrastructure Insurance programme that has been put in place and the current work being done on the JLT/ Riskpool offering.</p> <p>4. Failure to provide adequate and reasonable day to day service to the councils in the LASS group. Achieved. Most of the time, all Councils receive this level of service. Occasionally there are times when the response to queries may be slightly delayed. To address this, more resource has been applied to the Aon team handling the LASS account. Regular advice is provided on specific areas, e.g. Contract Terms and Conditions, policy responses to specific scenarios put forward, claims.</p>
Joint Procurement: That any joint procurement projects deliver as per project approved objectives.	Achieved. A joint procurement initiative was completed as per the project's objectives for a Professional Services Panel for four of the shareholding councils.
Advice to the Waikato Mayoral Forum: In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum regarding progress with shared service initiatives.	Achieved. Written and verbal update reports were provided to the Mayoral Forum at their meetings on 30 July, 15 September and 4 November 2014, 23 February, 20 April, and 15 June 2015.
Independent Benefit Review Plan update: The independent benefit review plan will be reviewed, updated and signed off by the LASS Board by 31 May of the year immediately preceding the year the plan relates to.	Achieved. As part of preparing the 2015/16 Statement of Intent, a new performance measure to assess the benefits being achieved by LASS was developed and included in the SOI's revised set of performance measures.
Independent Benefit Reviews: Those reviews timetabled in the plan for the current year be completed by the end of the year.	Achieved. The draft benefits review was presented to the Board at their meeting on 22 May. A copy of the final benefits report will be sent to shareholders with this Annual Report.

LASS Financial Position

Expenditure for the LASS has been assessed on the basis of the direct cost of management and the Directors' governance role.

The LASS administration costs for this period were \$197,516 against a budget of \$213,955.

The combined LASS, SVDS, WRTM, procurement and shared service investigations service costs are shown in the financial statements.

Directors

The Directors appointed for the period that this annual report covers were:

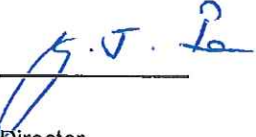
Director	Position	Director Appointed By
Gavin Ion(Chair)	Chief Executive Waikato District Council	Waikato District Council
Langley Cavers	Chief Executive Hauraki District Council	Hauraki District Council
Geoff Williams	Chief Executive Rotorua District Council	Rotorua District Council
Chris Ryan	CEO Waitomo District Council	Waitomo District Councils
Vaughn Payne	Chief Executive Waikato Regional Council	Waikato Regional Council
Barry Harris (resigned 17 October 2014)	Chief Executive Hamilton City Council	Hamilton City Council
Dave Clibbery	Chief Executive Otorohanga District Council	Otorohanga District Council
David Hammond	Chief Executive Thames-Coromandel District Council	Thames-Coromandel District Council
Don McLeod	Chief Executive Matamata-Piako District Council	Matamata-Piako District Council
Craig Hobbs	Chief Executive South Waikato District Council	South Waikato District Council
Rob Williams	Chief Executive Taupo District Council	Taupo District Council
Garry Dyet	Chief Executive Waipa District Council	Waipa District Council

Richard Briggs (Hamilton City Council) was appointed Director in October 2014.

For and on behalf of the Board.



Director
21 August 2015



Director
21 August 2015

Auditors' Report

To the ratepayers of Local Authority Shared Services Limited

Independent Auditor's Report

**To the readers of
Local Authority Shared Services Limited's
financial statements and performance information
for the year ended 30 June 2015**

The Auditor-General is the auditor of Local Authority Shared Services Limited (the company). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 12 to 28, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 5 to 6.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity International Public Sector Accounting Standards;
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 21 August 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Auditors' Report

To the ratepayers of Local Authority Shared Services Limited (continued)

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Auditors' Report

To the ratepayers of Local Authority Shared Services Limited (continued)

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Directory

Company Number

1730380

Registered office

Waikato District Council
15 Galileo Street
Ngaruawahia

Directors

CAVERS, Langley David
CLIBBERY, Dave
DYET, Garry
WILLIAMS, Geoff
HOBBS, Craig
HAMMOND, David
HARRIS, Barry (resigned October 2014)
BRIGGS, Richard
ION, Gavin John
PAYNE, Vaughn
MCLEOD, Don
RYAN, Chris
WILLIAMS, Rob

Bankers

Bank of New Zealand
Hamilton Banking Centre
Victoria Street
Hamilton

Auditors

Audit New Zealand on behalf of the Auditor-General
17 Clifton Road
Hamilton

Local Authority Shared Services Limited
Statement of comprehensive revenue and expense
For the year ended 30 June 2015

Statement of comprehensive revenue and expense

For the year ended 30 June 2015

	Note	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
Revenue				
SVDS Data Sales		191,426	125,964	123,166
Interest		16,612	800	14,159
Other revenue	4	<u>1,903,335</u>	<u>1,165,237</u>	<u>1,875,218</u>
Total revenue		2,111,373	1,292,001	2,012,543
Expenditure				
Personel Costs		-	11,856	7,715
Depreciation and amortisation expense	9	<u>419,529</u>	<u>472,018</u>	<u>431,173</u>
Other expenses	5	<u>2,201,144</u>	<u>1,333,904</u>	<u>2,068,709</u>
Total operating expenditure		2,620,673	1,817,778	2,507,597
Operating surplus/(deficit) before tax and share of equity accounted investments		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Surplus/(deficit) before tax		(509,300)	(525,777)	(495,054)
Income tax expense	6	<u>-</u>	<u>-</u>	<u>-</u>
Surplus/(deficit) after tax		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Total other comprehensive revenue and expense		<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive revenue and expense		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Surplus is attributable to:				

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 18

Local Authority Shared Services Limited
Statement of changes in equity
For the year ended 30 June 2015

Statement of changes in equity

For the year ended 30 June 2015

	Note	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
Balance at 1 July		1,541,308	1,390,764	2,036,362
Total comprehensive revenue and expense previously reported		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Balance at 30 June	11	<u>1,032,008</u>	<u>864,987</u>	<u>1,541,308</u>
Total comprehensive revenue and expense attributable to:				
Equity holders of Local Authority Shared Services Limited		1,032,008	864,987	1,541,308
Non-controlling interest		-	-	-
Total comprehensive revenue and expense		<u>1,032,008</u>	<u>864,987</u>	<u>1,541,308</u>

The accompanying notes form part of these financial statements
 Explanations of major variances against budget are provided in note 18

Local Authority Shared Services Limited
Statement of financial position
As at 30 June 2015

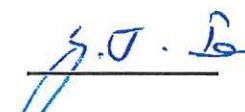
Statement of Financial Position

As at 30 June 2015

	Note	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
ASSETS				
Current assets				
Cash and cash equivalents	7	693,617	53,834	442,598
Exchange trade and other receivables	8	792,473	-	501,771
Non-exchange trade and other receivables	8	15,375	3,781	47,256
Prepayments		<u>149,413</u>	<u>1,868</u>	<u>150,348</u>
Total current assets		<u>1,650,878</u>	<u>59,483</u>	<u>1,141,973</u>
Non-current assets				
Intangible assets	9	<u>911,001</u>	<u>892,136</u>	<u>1,321,089</u>
Total non-current assets		<u>911,001</u>	<u>892,136</u>	<u>1,321,089</u>
Total assets		<u>2,561,879</u>	<u>951,619</u>	<u>2,463,062</u>
LIABILITIES				
Current liabilities				
Payables and deferred revenue	10	<u>1,529,871</u>	<u>86,632</u>	<u>921,754</u>
Total current liabilities		<u>1,529,871</u>	<u>86,632</u>	<u>921,754</u>
Non-current liabilities				
Total non-current liabilities		<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>1,529,871</u>	<u>86,632</u>	<u>921,754</u>
Net assets		<u>1,032,008</u>	<u>864,987</u>	<u>1,541,308</u>
EQUITY				
Contributed equity	11	2,957,001	2,957,001	2,957,001
Retained earnings	11	<u>(1,924,993)</u>	<u>(2,092,014)</u>	<u>(1,415,693)</u>
		1,032,008	864,987	1,541,308
Total equity		<u>1,032,008</u>	<u>864,987</u>	<u>1,541,308</u>

These financial statements have been authorised for issue by the Board of Directors on 21 August 2015


Director
21 August 2015


Director
21 August 2015

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 18



Local Authority Shared Services Limited
Cash flow statement
For the year ended 30 June 2015

Cash flow statement

For the year ended 30 June 2015

	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
Note			
Cash flows from operating activities			
Interest Received	16,538	800	14,156
Receipts from other revenue	2,280,922	1,184,191	1,905,150
Payments to suppliers and employees	(2,101,635)	(1,329,850)	(1,964,577)
Income tax received / (paid)	5,330	(224)	(3,958)
Goods and services tax (net)	59,305	(3,173)	(9,406)
Net cash flow from operating activities	<u>260,460</u>	<u>(148,256)</u>	<u>(58,635)</u>
Cash flows from investing activities			
Purchase of intangible assets	<u>(9,441)</u>	<u>(78,643)</u>	<u>(69,914)</u>
Net cash flow from investing activities	<u>(9,441)</u>	<u>(78,643)</u>	<u>(69,914)</u>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	251,019	(226,899)	(128,549)
Cash, cash equivalents, and bank overdrafts at the beginning of the year	<u>442,598</u>	<u>280,733</u>	<u>571,147</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	7 <u>693,617</u>	<u>53,834</u>	<u>442,598</u>

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 18

1 Statement of accounting policies for the year ended 30 June 2015

1.1 Reporting entity

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 controlled by the councils listed on the directory page of these accounts. Local Authority Shared Services Ltd is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of each of the shareholding Council's right to appoint the Board of Directors.

The primary objective of the Company is to provide the Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

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

The financial statements of the Company are for the year ended 30 June 2015. The financial statements were authorised for issue by the Board of Directors on the 21 August 2015.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of the Company have been 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).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

LASS is eligible to report in accordance with the Tier 2 PBE accounting standards as it:

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

These financial statements comply with PBE standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

The financial statements have been 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.

Budget figures

The budget figures are those approved by the Board of Directors in the 2014/15 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Company in preparing the financial statements.

2.2 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, 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.

2 Summary of significant accounting policies (continued)

(i) Other revenue

User charges for the SVDS and WRTM asset are recognised when invoiced to the user, ie. councils. The recorded revenue is the net amount of the member charges payable for the transaction. Contributions to Waikato Mayoral Forum projects are recognised as revenue when the Company provides, or is able to provide, the service for which the contribution was charged. Otherwise, contributions are recognised as liabilities until such time as the Company provides, or is able to provide, the service.

2.3 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 profit 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 the 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 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 profits 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 revenue and expense or directly in equity.

2.4 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 Department (IRD) 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.

2.5 Impairment of intangible assets

Intangible assets subsequently measured at cost that have an 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 the 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 or deficit.

2 Summary of significant accounting policies (continued)

Value in use for non-cash generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.7 Receivables

Receivables are recorded at their face value, less any provisions for impairment.

2.8 Intangible assets

(i) Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are recognised as an intangible asset.

Costs associated with maintaining computer software are recognised as an expense when incurred.

(ii) Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is unrecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	4 to 7 years	14 to 25%
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2.9 Payables

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

2.10 Other financial assets

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

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or unrecognised are recognised in the income statement.

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

2.11 Equity

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

Contributed capital

Contributed capital is the net asset and liability position at the time the Company was formed. The allocation of capital amongst shareholders is explained in note 11.

Accumulated funds

2 Summary of significant accounting policies (continued)

Accumulated funds is the Company's accumulated surplus or deficit since formation.

LASS's objectives, policies and processes for managing capital are explained in note 17

3 Critical accounting estimates and assumptions

In preparing the financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

Intangible asset 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 asset.

An incorrect estimate of the useful life or residual value will impact on the amortisation amount of an asset, therefore impacting on the amortisation expense recognised in the income statement, and carrying amount of the asset in 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.

4 Other revenue

	Actual 2015 \$	Actual 2014 \$
<u>Non-exchange revenue</u>		
User Charges	636,553	672,169
Other	<u>87,146</u>	<u>169,549</u>
Total non-exchange revenue	<u>723,704</u>	<u>841,718</u>

Exchange revenue

Other	3,390	38,428
Insurance Brokerage Fee	147,500	147,501
ValueFinancials Fee	36,894	44,006
GSB Membership Fee	18,000	18,000
Waikato Mayoral Forum Funding	895,567	535,866
ISSP Funding	-	99,999
Professional Services Panel Funding	-	79,300
Infometrics Fee Recovery	70,400	70,400
Debt Management Solutions Recovery	<u>7,880</u>	<u>-</u>
Total exchange revenue	<u>1,179,631</u>	<u>1,033,500</u>
Total other revenue	<u>1,903,335</u>	<u>1,875,218</u>

5 Other expenses

	Actual 2015 \$	Actual 2014 \$
Other fees to auditors	-	-
Audit fees for financial statement audit (current year)	15,145	14,806
Waikato Mayoral Forum Funding	895,567	535,866
Insurance Brokerage Fee	147,500	147,500
ValueFinancials Fee	36,894	44,006

5 Other expenses (continued)

	Actual 2015 \$	Actual 2014 \$
GSB Membership Fee	18,000	18,000
Infometrics Fee	70,400	70,400
Debt Management Solutions Fee	7,880	-
ISSP Expenses	947	87,532
Professional Services Panel Expenses	2,767	78,373
Other operating expenses	<u>1,006,044</u>	<u>1,072,226</u>
Total other expenses	<u>2,201,144</u>	<u>2,068,709</u>

6 Income tax

	Actual 2015 \$	Actual 2014 \$
Components of income tax expense:		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Deferred tax expense	<u>-</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>
Relationship between tax expense and accounting profit:		
Net surplus (deficit) before tax	(509,300)	(495,054)
Tax at 28%	(142,604)	(138,615)
Plus (less) tax effect of:		
Non-deductible expenditure	-	67
Other timing adjustments	104,971	96,957
Non-taxable income	-	-
Prior year adjustment	-	629
Group loss offset	-	-
Deferred tax adjustment	(105,048)	40,962
Tax losses not recognised	<u>142,681</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>

Deferred tax asset (liability)

	Intangible assets \$	Other provisions \$	Tax losses \$	Total \$
Balance at 1 July 2013	(443,841)	-	443,841	-
Charged to surplus or deficit	97,205	-	(97,205)	-
Charged to other comprehensive income	-	-	-	-
Balance at 30 June 2014	<u>(346,636)</u>	<u>-</u>	<u>346,636</u>	<u>-</u>
Balance at 1 July 2014	(346,636)	-	346,636	-
Charged to surplus or deficit	105,048	-	(105,048)	-
Charged to other comprehensive income	-	-	-	-
Balance at 30 June 2015	<u>(241,588)</u>	<u>-</u>	<u>241,588</u>	<u>-</u>

	2015 \$	2014 \$
Imputation credits available for use in subsequent reporting periods	6,693	-

A deferred tax asset has not been recognised in relation to tax losses of \$2,105,776 (\$2014 \$1,596,206).

7 Cash and cash equivalents

	2015 \$	2014 \$
Cash at bank and in hand	649,221	399,250
Short term deposits maturing three months or less from date of acquisitions	<u>44,396</u>	<u>43,348</u>
Total cash and cash equivalents	<u>693,617</u>	<u>442,598</u>
Net Cash and Cash Equivalents and bank overdrafts for the purposes of the Statement of Cashflows	<u>693,617</u>	<u>442,598</u>

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

8 Receivables

	2015 \$	2014 \$
Gross trade and other receivables	69,934	5,957
Related Party Receivables (note 14)	733,757	494,491
Accrued Interest on Short Term Deposits and Call Accounts	345	271
IRD - RWT Tax Paid	3,812	5,184
GST Refund Due	-	43,124
Total debtors and other receivables	<u>807,848</u>	<u>549,027</u>
Exchange		
Receivables from exchange transactions	792,473	501,771
Non-exchange		
Receivables from non-exchange transactions	<u>15,375</u>	<u>47,256</u>
Total debtors and other receivables	<u>807,848</u>	<u>549,027</u>

9 Intangible assets

	2015 \$	2014 \$
Computer Software		
Balance at 1 July	5,353,925	5,284,656
Additions	9,441	70,155
Disposals	-	(886)
Balance at 30 June	<u>5,363,366</u>	<u>5,353,925</u>
Accumulated amortisation and impairment losses		
Balance at 1 July	4,032,836	3,602,308
Amortisation expenses	(419,529)	431,173
Disposals	-	(645)
Impairment losses	-	-
Balance at 30 June	<u>4,452,365</u>	<u>4,032,836</u>
Carrying Amounts		
Balance at 1 July	1,321,089	1,682,348
Balance at 30 June	<u>911,001</u>	<u>1,321,089</u>

Significant intangible assets include the Shared Value Data Services (SVDS) computer software, and the Waikato Regional Transport Model (WRTM) computer software. The carrying amount of the SVDS asset as at 30 June 2015 is \$347,501. The original build cost of the SVDS asset has now been fully amortised, and there is currently 3 years remaining enhancements in the useful life of the asset. The carrying amount of the WRTM asset as at 30 June 2015 is \$546,870 and there is currently 1 year remaining in the useful life of the asset.



9 Intangible assets (continued)

The Board of Directors consider that there is no impairment of assets as at 30 June 2015. Accordingly no impairment adjustments are needed.

10 Payables and deferred revenue

	2015 \$	2014 \$
Current		
Trade payables and accrued expenses	489,381	331,021
Related party payables (note 14)	47,915	112,522
Deferred revenue	971,573	478,211
GST payable	<u>21,002</u>	<u>-</u>
Total creditors and other payables	<u>1,529,871</u>	<u>921,754</u>
 Exchange		
Trade payables	492,202	402,112
Accrued expenses	<u>45,094</u>	<u>41,431</u>
Total creditors and other payables from exchange transactions	<u>537,296</u>	<u>443,543</u>
 Non-exchange		
Deferred revenue	971,573	478,211
GST payable	<u>21,002</u>	<u>-</u>
Total creditors and other payables from non-exchange transactions	<u>992,575</u>	<u>478,211</u>
 Total current creditors and other payables from exchange and non-exchange transactions	<u>1,529,871</u>	<u>921,754</u>

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.

Councils were invoiced for their portion of contribution towards the Waikato Mayoral Forum projects in advance.

11 Reconciliation of equity

	2015 \$	2014 \$
Total equity		
Contributed equity	2,957,001	2,957,001
Opening retained earnings	<u>(1,924,993)</u>	<u>(1,415,693)</u>
Balance at 30 June 2015	<u>1,032,008</u>	<u>1,541,308</u>
 (a) Contributed equity		
Shares on Issue	3,413,569	3,413,569
Uncalled capital	<u>(456,568)</u>	<u>(456,568)</u>
Balance 30 June	<u>2,957,001</u>	<u>2,957,001</u>
 Balance at 1 July	2,957,001	2,957,001
Shares Issued	<u>-</u>	<u>-</u>
Balance 30 June	<u>2,957,001</u>	<u>2,957,001</u>
Retained Surpluses		
Balance at 1 July	(1,415,693)	(920,639)
Surplus/(deficit) for the year	<u>(509,300)</u>	<u>(495,054)</u>
Balance 30 June	<u>(1,924,993)</u>	<u>(1,415,693)</u>

11 Reconciliation of equity (continued)

The Company has issued 2,186,581 (2014 - 2,186,581) shares. The SVDS shares have been fully called and paid for at \$1.00 per share. The WRTM shares have been fully called and paid for at \$10.00 per share. The table below details the different types of shares and their value per share.

Shares are called when notice is given to shareholders by the Board of Directors.

Shareholder	Ordinary Shares	SVDS Shares	WRAPS Shares	WRTM Shares
Hamilton City Council	1	220,514	79,152	50,625
Hauraki District Council	1	40,215	2,864	-
Matamata Piako District Council	1	56,380	4,708	4,500
Otorohanga District Council	1	-	5,716	-
Rotorua Lakes Council	1	126,703	7,516	-
South Waikato District Council	1	42,571	4,916	-
Taupo District Council	1	-	21,652	4,500
Thames Coromandel District Council	1	108,015	6,476	2,250
Waikato District Council	1	106,674	9,376	11,250
Waikato Regional Council	1	803,500	287,872	50,625
Waipa District Council	1	78,748	3,780	11,250
Waitomo District Council	1	23,681	10,540	-
Total shares	12	1,607,001	444,568	135,000
Amount per share	1,000	1	1	10
Total value of shares	12,000	1,607,001	444,568	1,350,000
Uncalled amount	(12,000)	-	(444,568)	-
Total Value of Called Shares	-	1,607,001	-	1,350,000

General Rights of Ordinary, SVDS, and WRAPS Shares

The rights conferred by section 36(1) of the Companies Act 1993 on holders of shares in the Company are altered as set out below:

- (a) For Ordinary, SVDS and WRAPS shares the holders are entitled to participate in certain services to be provided by the Company, in terms that reflect their investment.
- (b) Service shares (SVDS and WRAPS) do not have any right to share in the distribution of the surplus assets of the Company except to the extent provided for in Schedule 1 of the Company's constitution or in accordance with the terms of issue of those shares pursuant to Clause 6 of the Company's constitution.
- (c) Except as provided in section 177 of the Act and Clause 6.1 of the Company's constitution, no class of service shares shall have any voting rights.

General Rights of WRTM shares

The following rights and obligations are hereby conferred on each WRTM shareholder:

- (a) A right to one vote prior to further WRTM service shares being issued.
- (b) A right to one vote on the application of any surpluses arising from the WRTM service (after NZTA have been allocated 40 per cent [or a portion based on NZTA's proportion of the total cost at the time] of any surpluses.)
- (c) The right to receive monetary benefits that the Company generates through the sale of outputs of the WRTM service in proportion to the apportionment of the development costs as at that time after 40 per cent (or a portion based on NZTA's proportion of the development cost at the time) of the monetary benefits have been allocated to NZTA.
- (d) No right to share in the distribution of the surplus assets of the Company except to the extent provided for in (c) above.
- (e) No right to share in dividends authorised by the Company except to the extent provided for in (c) above.

12 Commitments

	2015	2014
	\$	\$
Non-cancellable operating leases as lessee		
Not later than one year	416,897	332,117
Later than one year but not later than five years	<u>962,500</u>	<u>-</u>
Total non-cancellable operating leases	<u>1,379,397</u>	<u>332,117</u>

13 Contingencies

As at 30 June 2015 the Company had no contingent liabilities or assets (2014 - \$0)

14 Related party transactions

The Company is controlled by the councils listed on the directory page.

Transactions with key management personnel

Key management personnel include the Chief Executive and directors. Directors receive no remuneration. Expenditure paid to the Chief Executive was for the provision of Chief Executive services.

	2015	2014
	\$	\$
Dial New Zealand Ltd - Acting LASS Chief Executive	33,075	53,460
Jowett Consulting - LASS Chief Executive	105,170	-
Poison Pawn Ltd - LASS Chief Executive	<u>-</u>	<u>75,550</u>
Total key management personnel compensation	<u>138,245</u>	<u>129,010</u>

Related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Related parties have been limited to the directors, shareholders and company related roles. The following transactions were carried out with related parties:

	Actual 2015	Actual 2014
	\$	\$
Revenue		
Hamilton City Council	351,198	403,820
Hauraki District Council	82,319	69,719
Matamata Piako District Council	152,349	101,106
Otorohanga District Council	94,618	40,241
Rotorua Lakes Council	30,924	65,858
South Waikato District Council	94,351	67,915
Taupo District Council	72,256	107,569
Thames Coromandel District Council	108,469	122,173
Waikato District Council	279,380	224,648
Waikato Regional Council	487,660	578,686
Waipa District Council	474,455	186,501
Waitomo District Council	<u>84,500</u>	<u>47,157</u>
	<u>2,312,477</u>	<u>2,015,392</u>

14 Related party transactions (continued)

Revenue is related to user charges, Mayoral Forum funding, joint procurement, and shared services investigation funding.

	Actual 2015 \$	Actual 2014 \$
Expenses		
Hamilton City Council	3,230	3,910
South Waikato District Council	6,126	3,975
Waipa District Council	132,673	45,805
Waikato District Council	4,421	-
Waikato Regional Council - Services Provided	<u>61,848</u>	<u>48,261</u>
	<u>208,299</u>	<u>101,951</u>

Expenses are related to services provided by the related parties.

The figures above exclude invoices of \$1,302 from Waikato Regional Council, \$61 from South Waikato District Council, and \$3,178 from Hamilton City Council that relate to bills paid on behalf of LASS (2014 - \$6,740).

	Actual 2015 \$	Actual 2014 \$
Balance Sheet		
<i>Trade & Other Receivables</i>		
Hamilton City Council	105,096	138,615
Hauraki District Council	25,538	10,126
Matamata Piako District Council	79,618	44,980
Otorohanga District Council	52,946	9,728
South Waikato District Council	22,872	2,046
Taupo District Council	42,163	10,859
Thames Coromandel District Council	21,654	32,709
Waikato District Council	98,885	11,470
Waikato Regional Council	137,818	208,383
Waipa District Council	112,295	23,535
Waitomo District Council	<u>34,872</u>	<u>2,040</u>
	<u>733,757</u>	<u>494,491</u>

<i>Trade & Other Payables</i>		
Hamilton City Council	-	4,497
Jowett Consulting - LASS Chief Executive	8,521	-
Rotorua Lakes Council	-	20,966
South Waikato District Council	70	7,045
Waikato District Council	920	5,875
Waikato Regional Council - Services provided	2,073	22,097
Waipa District Council	<u>36,331</u>	<u>52,043</u>
	<u>47,915</u>	<u>112,522</u>

15 Director and executive disclosures

No Directors fees were paid to directors during the year. Directors are not directly remunerated by Local Authority Shared Services. (2014 - \$0)

16 Events occurring after the balance date

There have been no events after balance date.

17 Financial instruments

The Company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities.

(a) Financial instrument categories

	2015 \$	2014 \$
FINANCIAL ASSETS		
Loans and receivables		
Cash and cash equivalents	693,617	442,598
Debtors and other receivables	<u>807,848</u>	<u>549,027</u>
Total loans and receivables	<u>1,501,465</u>	<u>991,625</u>
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Creditors and other payables	<u>1,529,871</u>	<u>443,543</u>
Total financial liabilities at amortised cost	<u>1,529,871</u>	<u>443,543</u>

(b) Market risk

The interest rates on the Company's investments would be disclosed in the notes, but at present there are none.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cashflow interest rate risk.

The Company currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk, as it does not enter into foreign currency transactions.

(c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash equivalents (note 7), investments (nil this year), and trade receivables (note 8). There is no collateral held as security against these financial instruments, including these instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

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17 Financial instruments (continued)

(d) Liquidity risk (continued)

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframe's.

The maturity profiles of the Company's interest bearing investments and borrowings would be disclosed in the notes, if the Company had any.

18 Explanation of major variances against budget

Explanations for major variations from the Company's budget figures in the statement of intent to 30 June 2015 are as follows:

Statement of comprehensive revenue and expense

SVDS Data Sales are higher than budgeted due to a MoU with an additional organisation for the supply of valuation and sales data.

Interest received is higher due to a higher than budgeted cash surplus throughout the year, primarily related to revenue which was received in advance for the Waikato Mayoral Forum activities.

Other revenue is higher than budgeted primarily due to higher expenditure on Waikato Mayoral Forum projects being recognised as revenue, and transferred from deferred income.

Personnel costs are lower than budgeted due to no personnel being employed by LASS from February 2014. These services are now contracted out and are shown under LASS administration.

Depreciation is lower due to lower enhancements than budgeted, and to a change in the useful life of the SVDS asset.

Other Expenses are higher than budgeted due to expenditure being incurred primarily on the Spatial Plan and Roothing Waikato Mayoral Forum projects, that was unquantifiable at the time of the budgeting process.

Statement of Changes in Equity

The items as noted above have meant that the Company has made a loss of \$509,300 against a budgeted loss of \$525,777.

Statement of Financial Position

Cash and cash equivalents are higher than budget due to additional funds being held for the payments of the Waikato Mayoral Forum projects which are paid as they are due.

Trade and other receivables are higher than budget due to the timing of invoicing for the final Mayoral Forum contributions for the year.

Trade and other payables are higher than budget due to the timing of payment costs due for Waikato Mayoral Forum projects, ValueFinancials, and also an unbudgeted prepayment invoice for the 2015/16 financial year.

Deferred income was unbudgeted due to the unknown contributions from Waikato Mayoral Forum projects that are still to be expensed.

Statement of Cash Flows

Both receipts from other revenue, and payments to suppliers are higher than budgeted due to unbudgeted costs for Waikato Mayoral Forum projects that were unquantifiable at the time the budget was set.

Purchase of Intangible Assets are lower than budget due to lower than expected SVDS enhancement expenditure.

19 Adjustments to the Comparative Year Financial Statements

The main adjustments to the 30 June 2014 comparative statement of financial position arising on the transition to the new PBE Tier 2 standards are explained below:

- Receivables - Receivables for the 2013/14 year have been reclassified to clarify exchange and non-exchange transactions as required under the new PBE accounting standards. These transactions are identified by the following definitions:
 - Exchange transactions - transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.
 - Non-exchange transactions - where an entity receives value from another entity without giving approximately equal value in exchange.
- Deferred revenue - During the 2013/14 year LASS received contributions from councils towards Mayoral Forum projects, of which the balance at 30 June 2014 was \$478,211. Under the new PBE accounting standards this deferred income has been removed as an individual line and reclassified as payables and deferred revenue under current liabilities.