



**Report** 03.600  
**Date** 10 October 2003  
**File** CFO/9/1/1

**Committee** Policy, Finance and Strategy  
**Author** Greg Schollum, Chief Financial Officer

## WRC Holdings Group - 2003 Financial Statements

### 1. Purpose

To receive the audited financial statements of WRC Holdings Ltd, Port Investments Ltd and Pringle House Ltd for the year ended 30 June 2003.

### 2. Background

On 30 September 2003 the directors of WRC Holdings Ltd, Port Investments Ltd and Pringle House Ltd adopted the 2003 financial statements of the three companies. These financial statements are attached as **Attachments 1,2 and 3** of this report.

All three companies have received unqualified audit reports from Audit New Zealand.

The financial statements of WRC Holdings Ltd include a provision for dividend which requires shareholder approval (refer report 03.601 on this order paper).

The financial statements of the WRC Holdings Group, including CentrePort, have been consolidated into the Council's 2002/03 annual report due for adoption by the Council at its meeting on 30 October 2003.

### 3. Comment

The financial statements of Pringle House Ltd and Port Investments Ltd incorporate financial information of those companies only, whereas the WRC Holdings Ltd financial statements include both parent company and consolidated financial information. Although Port Investments Ltd is the immediate shareholder in CentrePort, there is no requirement to prepare consolidated financial statements at the Port Investments Ltd level, as long as the top company, WRC Holdings Ltd, prepares consolidated financial information.

## **4. Overview Financial Statements**

### **4.1 Pringle House Ltd**

The financial statements of Pringle House Ltd reflect similar results to past years, except that this year there has been a write up in the value of the building.

The net surplus for the year (after payment of subventions of \$422,000 to the Council) of \$613,000 compares to a budgeted net surplus of \$151,000. The main reason for this favourable variance is the unbudgeted \$545,000 write up in the value of the Regional Council Centre.

The financial statements also include a dividend payable to WRC Holdings Ltd of \$68,152, being 100% of Pringle House Ltd's 2002/03 net surplus excluding revaluation gains.

### **4.2 Port Investments Ltd**

The financial statements of Port Investments Ltd show a net surplus for the year of \$813,000. The surplus is significantly lower than last year, primarily due to a lower dividend from CentrePort.

However, the result is slightly above the budgeted surplus of \$724,000 as although there has been a slightly lower dividend and interest income than expected, this was offset by lower interest on the advance from WRC Holdings Ltd.

The financial statements include a dividend payable to WRC Holdings Ltd of \$813,280, being 100% of Port Investments Ltd's 2002/03 net surplus.

### **4.3 WRC Holdings Ltd**

The parent company's financial statements show a net surplus for the year of \$1,333,000.

This result is a healthy surplus above the budgeted surplus of \$613,000, mainly due to the \$545,000 write up of the investment in Pringle House Ltd (driven by the write up in the value of the building).

The parent company's financial statements include a dividend payable to the Council of \$788,301, being 100% of its 2002/03 net surplus excluding revaluation gains.

The consolidated financial statements show a net surplus in the Group of \$3,495,000.

The 2002/03 year has been a steady year for the WRC Holdings Group. This is reflected in the actual performance against Statement of Intent targets (refer to section 5 below).

## 5. Performance against the Statement of Intent

The WRC Holdings Group's actual performance against the Statement of Intent targets for the 2002/03 year are set out below. Although the Net Profit Before Tax and Net Profit After Tax are below the SOI Target (driven largely by the performance of CentrePort) the dividend number is slightly above the SOI target.

	<b>Actual \$000</b>	<b>Target \$000</b>
Net Profit Before Tax	7,030	7,846
Net Profit After Tax	4,942	5,095
Return on Total Assets	10.9%	11.7%
Return on Shareholder Equity	29.1%	24.9%
Dividends	788	613

## 6. Communications

Copies of the audited financial statements will be sent to the companies' bankers as is required. No other communication is considered necessary.

## 7. Recommendation

*That the Committee recommend to Council that it:*

- (1) receive the report and note its contents.*
- (2) receive the 2002/03 financial statements of Pringle House Ltd and Port Investments Ltd.*
- (3) approve, as sole shareholder, the 2002/03 financial statements of WRC Holdings Ltd.*

Report prepared by:

**Greg Schollum**  
Chief Financial Officer

- Attachment 1:** Pringle House Ltd – 2002/03 financial statements
- Attachment 2:** Port Investments Ltd – 2002/03 financial statements
- Attachment 3:** WRC Holdings Ltd – 2002/03 financial statements