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**Report 02.578**

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Report to the Policy, Finance and Strategy Committee  
from Greg Schollum, Chief Financial Officer

## **WRC Holdings Group – 2002 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 2002.

### **2. Background**

On 26 September 2002 the Directors of WRC Holdings Ltd, Port Investments Ltd and Pringle House Ltd adopted the 2002 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 to report 02.577 on this order paper).

The financial statements of the WRC Holdings Group, including CentrePort, have been consolidated into the Council's 2001/02 annual report due for adoption by the Council at its meeting on 31 October 2002.

### **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 of Financial Statements**

### **4.1 Pringle House Ltd**

The financial statements of Pringle House Ltd reflect similar operating results to past years. However, a small net surplus after subvention payment, has been recorded in 2001/02 resulting in a \$0.2 million dividend from Pringle House Ltd to WRC Holdings Ltd.

The Company's major asset remains the Regional Council Centre with the value of the property remaining unchanged during 2001/02.

### **4.2 Port Investments Ltd**

The financial statements of Port Investments Ltd show a net surplus for the year of \$1.7 million.

This result represents a healthy surplus above the budgeted surplus, mainly due to higher than budgeted dividend income from CentrePort and lower interest costs.

The financial statements include a dividend payable from Port Investments Ltd to WRC Holdings Ltd of \$1.7 million, approximately 100% of its 2001/02 profit.

### **4.3 WRC Holdings Ltd**

The parent company's financial statements show a net surplus for the year of \$1.8 million.

The result represents a healthy surplus above the budgeted surplus, mainly due to a higher dividend than expected from Port Investments Ltd.

The parent company's financial statements include a dividend payable by WRC Holdings Ltd to Wellington Regional Council of \$1.8 million.

The consolidated financial statements which incorporate WRC Holdings Ltd, Pringle House Ltd, Port Investments Ltd and CentrePort Ltd show a net surplus attributable to shareholders of the parent of \$4 million. Clearly, the 2001/02 year has been a good one for the WRC Holdings Group, with the benefits flowing through to the Council by way of higher dividends. This is reflected in the actual performance against Statement of Corporate Intent targets (refer section 5 below).

## 5. Performance against the Statement of Corporate Intent

The WRC Holdings Group exceeded all of the Statement of Corporate Intent targets set for the 2001/02 year. The actual and target Statement of Corporate Intent numbers are as follows:

	<b>Actual</b>	<b>Target</b>
Net Profit Before Tax	\$8,238,000	\$6,113,000
Net Profit After Tax	\$5,716,000	\$3,776,000
Return on Total Assets	12.3%	10%
Return on Shareholder Equity	42.1%	22.8%
Dividend Stream	\$1,800,000	\$668,000

## 6. Communications

Copies of the audited financial statements will be sent to the companies' bankers as is required.

## 7. Recommendations

*That the Committee recommend to Council that it:*

- (1) receive the report and note its contents.*
- (2) receive the 2001/02 financial statements of Pringle House Ltd and Port Investments Ltd.*
- (3) approve, as sole shareholder, the 2001/02 financial statements of WRC Holdings Ltd.*

GREG SCHOLLUM  
Chief Financial Officer

**Attachment 1: Pringle House Ltd - 2001/02 financial statements**

**Attachment 2: Port Investments Ltd – 2001/02 financial statements**

**Attachment 3: WRC Holdings Ltd – 2001/02 financial statements**