

Report 05.565
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File CFO/09/01/01

Committee Policy, Finance and Strategy
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Approval of Dividend from WRC Holdings Limited

1. Purpose

To approve the payment of a dividend of \$650,987 by WRC Holdings Ltd to the Council.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

The Directors of WRC Holdings Ltd met on 29 September 2005 to consider the financial results for the WRC Holdings Group and have proposed payment of a dividend to the Council of 100% of the company's net surplus, excluding revaluation gains, as revaluation gains do not represent cash.

The Directors have satisfied themselves that the "solvency test" would be met and have approved a dividend of \$650,987 to the Council. However, WRC Holdings Ltd's Constitution states that the shareholder needs to give its approval to allow payment of any "distribution", which includes dividends.

Council's approval to put into effect the payment of the dividend from WRC Holdings Ltd to the Council is required. The Directors of WRC Holdings Ltd approved the financial statements of WRC Holdings Ltd incorporating the proposed dividend.

A copy of the shareholder's resolution required is provided as **Attachment 1**

4. Comment

The dividend proposed by WRC Holdings Ltd is below the dividend included within the WRC Holdings SOI (\$650,987 vs \$819,000).

5. Communication

As the dividend will be reflected in the Council's 2004/05 Annual Report, no separate communication is needed at this time.

6. Recommendations

That the Committee recommend to Council that it:

- 1. **Receive** the report.*
- 2. **Note** its contents.*
- 3. **Approve** the payment by WRC Holdings Ltd of \$650,987 (fully imputed)*
- 4. **Authorise** the Council Secretary to approve the necessary documentation giving effect to the transaction.*

Report prepared by:

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Chief Financial Officer

Attachment 1: