



Report 09.603
Date 24 September 2009
File CFO/09/02/02

Committee Council
Author Mike Timmer, Treasurer

WRC Holdings Limited - 2009 Financial Statements

1. Purpose

To approve, as Shareholder, the audited financial statements of WRC Holdings Ltd, for the year ended 30 June 2009.

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

On 24 September 2009 the directors of WRC Holdings Ltd, considered and approved the 2008/09 financial statements.

The audited financial statements for WRC Holdings Ltd are attached (refer **Attachments 1**) along with a copy of the Audit Report (refer **Attachment 2**).

4. Comment

The financial statements comprise Pringle House Ltd, Port Investments Ltd, Greater Wellington Rail Limited, Greater Wellington Transport Limited, Greater Wellington Infrastructure Limited and CentrePort Limited. The financial statements include both parent company and consolidated financial information.

5. Overview of the financial results

5.1 Pringle House Ltd (PHL)

PHL achieved a net surplus before tax and revaluations of \$1,110,000 compared with \$1,205,000 last year, and a budget of \$1,098,000.

Revenue of \$1,820,000 was slightly below budget due to the vacancy caused by New Zealand Immigration. Operating expenses were in line with budget.

PHL will pay a subvention payment of \$895,000 and a dividend of \$214,000 to shareholders.

5.2 Port Investments Ltd (PIL)

PIL recorded a surplus for the year of \$1,563,000, this compares with the budgeted surplus of \$234,000. The increased result is due mainly to lower interest costs on its \$44 million loan from WRC Holdings.

PIL will pay a dividend of \$1,563,000.

5.3 Greater Wellington Rail Limited (GWRL)

GWRL received \$2,233,000 in grants from Greater Wellington to cover their operating expenses, resulting in a break even position.

Assets now total \$49,737,000, an increase of \$16,485,000 during the year.

5.4 Greater Wellington Transport Limited and Greater Wellington Infrastructure Limited

For the period ended 30 June 2009 these companies had no transactions.

5.5 CentrePort Ltd

CentrePort achieved an underlying profit before tax of \$11,374,000, slightly up on 2008. Revenue was \$55,142,000, up \$2,451,000 on the previous year. Operating expenditure increased by \$ 1,807,000 to \$38,199,000.

5.6 WRC Holdings Ltd (WRCHL)

The parent company's financial statements show a net surplus for the year of \$1,405,000, compared with the budget surplus of \$111,000.

The improved result was due to higher dividends from PIL resulting from lower interest costs on their loan.

WRCHL will pay a dividend of \$1,659,399.

6. Financial performance against the Statement of Intent

	Actual 2009 \$000	Target 2009 \$000	Actual 2008 \$000
Net Surplus Before Tax	10,468	8,162	8,266
Increase (Decrease) in value of Investment Properties	(11,046)	-	(830)
	<u>(578)</u>	<u>8,162</u>	<u>7,436</u>
Tax and subvention payments	(3,307)	(4,094)	(4,231)
Net Profit (Deficit)	<u>(3,885)</u>	<u>4,068</u>	<u>3,205</u>
Return on Total Assets (excluding revaluations)	4.5%	4.3%	4.8%
Return on Equity (excluding revaluations)	6.1%	1.7%	3.4%
Dividends \$000	1,659	259	64

The surplus before tax shows an improved performance when compared with the budget. This was due to:

- An improved result from CentrePort's port operations, mainly due to higher volumes and improved margins.
- An improved result in PIL due to lower interest costs.

The return on equity has increased accordingly when compared to last year, while the return on assets has been impacted by an increase in total assets.

7. Communication

No communication is necessary.

8. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes its contents.*
3. *Approves, as sole shareholder, the 2008/09 financial statements of WRC Holdings Ltd.*

Report prepared by:

Report approved by:



Mike Timmer
Treasurer

Barry Turfrey
Chief Financial Officer

Attachment 1: WRC Holdings Ltd – 2008/09 financial statements (*sent under separate cover*)

Attachment 2: Audit Report