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**Report 00.734**

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Report to the Policy and Finance Committee  
from Nigel Hutt, Acting Chief Financial Officer

## **WRC Holdings Group – 1999/2000 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 2000.

### **2. Background**

On 28 September 2000 the Directors of WRC Holdings Ltd, Port Investments Ltd and Pringle House Ltd, adopted the 1999/00 financial statements. The financial statements for each of the three companies are provided as **Attachments 1, 2 and 3** of this report.

These financial statements have been consolidated into the Council's 1999/00 annual report, due for adoption by the Council at its meeting on 26 October 2000.

### **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.

All three companies have received unqualified audit opinions.

#### 4. **Performance against the Statement of Corporate Intent (SCI) Measures**

The WRC Holdings Ltd financial statements include actual performance against the agreed SCI performance targets established at the start of the 1999/2000 year. Actual performance compared to the plan are in the table below:

	<b>Actual</b>	<b>Target</b>
Net Profit Before Tax	\$8,483,000	\$7,178,000
Net Profit after Tax	\$5,446,000	\$4,442,000
Return on Total Assets	13.0%	11.2%
Return on Shareholder Equity	29.5%	16.7%
Dividend Stream	\$1,700,000	\$850,000

All financial targets have been exceeded – the major reason for this is the excellent performance of CentrePort Limited has resulted in higher dividend revenue, that ultimately has been returned to the Council.

#### 5. **Overview of the Financial Statements**

##### 5.1 **Pringle House Ltd**

The financial statements of Pringle House Ltd (refer **Attachment 1**) reflect similar results to past years.

The financial statements include a further write down in the value of the Regional Council Centre, largely as a result of the fact that the lease agreements with the tenants, including the Council, are one year closer to expiry.

The “super rental” (the excess of rental currently paid by tenants over and above the market) contribute to the current building valuation, but as the lease agreements get closer to expiry the extent of super rental reduces and therefore the property value also reduces. (The current lease agreements contain a clause which means tenants’ rental paid cannot reduce simply because the market reduces.)

The company's major asset remains the Regional Council Centre. At 30 June 2000 Pringle House Ltd has equity of approximately \$5.5 million.

## 5.2 **Port Investments Ltd**

The financial statements of Port Investments Ltd show significantly different figures between the 2000 and 1999 years, as a result of the CentrePort acquisition purchase price adjustment of \$3.2 million.

At 30 June 2000 Port Investments Ltd has equity of approximately \$1.6 million.

## 5.3 **WRC Holdings Ltd**

The financial statements of WRC Holdings Ltd include both parent company figures (WRC Holdings Ltd) and consolidated figures for the WRC Holdings Group incorporating:

- WRC Holdings Ltd
- Pringle House Ltd
- Port Investments Ltd
- CentrePort Ltd

The financial statements of WRC Holdings Ltd (Parent) reflect the impact of the CentrePort purchase price adjustment. WRC Holdings borrowings have increased by \$3.2 million externally in order to on-lend to Port Investments Ltd the funds necessary to pay the Council. The parent company financial statements also reflect the passing "up the chain" to the Council of a 100% dividend from Port Investments Limited.

Given the size of CentrePort in relation to the rest of the WRC Holdings Group, the Group financial statements are dominated by the impact of CentrePort.

## 6. **Communications**

Copies of the audited financial statements have already been sent to the companies' bankers as is required.

As these financial results will be incorporated into the Council's 1999/2000 annual report, no other specific communication is required at this time.

## 7. **Recommendation**

*That the report be received and the contents noted.*

NIGEL HUTT  
Acting Chief Financial Officer

**Attachment 1: Pringle House Ltd – 1999/00 financial statements**

**Attachment 2: Port Investments Ltd – 1999/00 financial statements**

**Attachment 3: WRC Holdings Ltd – 1999/00 financial statements**