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Report 00.747

16 October 2000

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

Approval of Dividend from WRC Holdings Ltd

1. **Purpose**

To approve payment of a dividend of \$1.7 million by WRC Holdings Ltd to the Council.

2. **Background**

The Directors of WRC Holdings Ltd met on 28 September 2000 to consider the financial results for the WRC Holdings Group and have proposed payment of a dividend of 100% of the company's net surplus (\$1.7 million) to the Council.

The Directors satisfied themselves that the "solvency test" would be met and have proposed the payment of a dividend of \$1.7 million to the Council. (WRC Holdings Ltd's Constitution states that the shareholder needs to give its approval to allow payment of any "distribution", which includes dividends).

We now wish to seek Council's concurrence to put into effect the payment of the dividend from WRC Holdings Ltd to the Council. The Council's draft 1999/00 annual accounts have been prepared on the assumption that this dividend is approved.

A copy of the shareholder's resolution required is provided as **Attachment 2**.

3. **Comment**

The Policy and Finance Committee have earlier given regard to the appropriate level of retained earnings held within Port Investments Limited (refer Greg Schollum's report 99.724 attached)

The WRC Holdings Group Directors consider the existing level of retained earnings within Port Investments Limited of \$1.5 million is adequate, and have proposed that the full year's surplus should be returned to the shareholder.

The increased dividend proposed by WRC Holdings Limited is a direct result of the better than expected dividend from CentrePort, which in turn has been paid up the line by Port Investments Limited.

4. **Impact on WRC**

Payment of a dividend of 100% of WRC Holding Ltd's net surplus is in accordance with Council's policy and the dividend of \$1.7 million compares favourably with the dividend of \$0.9 million budgeted for in the Council's 1999/2000 Annual Plan.

As mentioned earlier, the increased dividend has been included in the Council's financial results for the year ended 30 June 2000.

5. **Communication**

As the dividend will be reflected in the Council's 1999/00 Annual Report, no separate communication is needed.

6. **Recommendations**

- (1) *That the report be received and the contents noted.*
- (2) *That the Committee recommend that the Council approve the payment by WRC Holdings Ltd of a dividend of \$1.7 million (fully imputed) and authorise the affixing of the Council's Common Seal to the necessary documentation giving effect to that transaction.*

NIGEL HUTT
Acting Chief Financial Officer

Attachment 1: Report 99.724: Port Investments Ltd – Retained Earnings
Attachment 2: Copy of shareholder's resolution to approve the Dividend