

Report 03.601
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Committee Policy, Finance and Strategy
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Approval of Dividend from WRC Holdings Ltd

1. Purpose

To approve the payment of a dividend of \$788,301 by WRC Holdings Ltd to the Council.

2. Background

The Directors of WRC Holdings Ltd met on 30 September 2003 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. The Directors have resolved to pay the dividend based on profit excluding revaluation gains, as revaluation gains do not represent cash.

The Directors have satisfied themselves that the "solvency test" would be met and have proposed the payment of a dividend of \$788,301 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.

Officers 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 2002/03 annual accounts (to be considered by the Committee on 30 October 2003) have been prepared on the assumption that this dividend is approved. Also, on 30 September 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**.

3. Comment

The dividend proposed by WRC Holdings Ltd is slightly above the dividend included within the WRC Holdings SOI (\$788,000 vs \$613,000) and as a result it contributes marginally to the Council's operating surplus above budget.

4. Communications

As the dividend will be reflected in the Council's 2002/03 Annual Report, no separate communication is needed at this time.

5. Recommendations

That the Committee recommend to Council that it:

- (1) receive the report and note its contents.*
- (2) approve the payment by WRC Holdings Ltd of \$788,301 (fully imputed) and authorise the Council Secretary to approve the necessary documentation giving effect to that transaction.*

Report prepared by:

Greg Schollum
Chief Financial Officer

Attachment 1: Copy of Shareholder's Resolution to approve the dividend