



**Report**                    **04.94**  
**Date**                     26 February 2004  
**File**                      CFO/9/1/1

**Committee**            **Policy, Finance and Strategy**  
**Author**                **Greg Schollum Chief Financial Officer**

## **WRC Holdings Group - Half Year Report**

### **1. Purpose**

To receive the financial results of the WRC Holdings Group of companies for the period 1 July 2003 to 31 December 2003.

### **2. Background**

The WRC Holdings Group Statement of Intent (SOI) includes a requirement for the companies to report to the shareholder on the half year results. On 26 February 2004 the Directors of WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd received half yearly management reports for each company and approved their release to the Council.

The management reports are unaudited as is normal practice for interim financial reports.

The results of CentrePort will be presented separately at a subsequent meeting of the Committee.

### **3. YTD Results**

The following table summarises the operating results of the three 100% owned WRC Holdings group of companies for the period ended 31 December 2003.

<b>Net Surplus (Deficit) after Tax</b>			
	<b>Actual</b>	<b>Budget</b>	<b>Variance favourable (unfavourable)</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Port Investments Ltd	(1,034)	(1,003)	(31)
Pringle House Ltd	129	192	(63)
WRC Holdings Ltd	(48)	(53)	5

### 3.1 Port Investments Ltd (PIL)

The financial statements of PIL show a net deficit of \$1,034,000 for the six months to 31 December 2003. The YTD budget provided for an operating deficit of \$1,003,000 for the corresponding period. The main reason for the variance is:

- The \$44,000,000 advanced from WRCHL to PIL attracted a slightly higher interest charge than anticipated in the budget (\$29,000).

### 3.2 Pringle House Ltd (PHL)

The financial statements of PHL show a net surplus of \$129,000 for the six months to 31 December 2003. This net surplus represents an unfavourable variance of \$63,000 compared to the budgeted result of \$192,000, and arises from:

- Additional expenditure on the re-carpeting project. During the period levels 3, 4 and 5 have been re-carpeted at a cost of \$188,000, some \$90,000 over the 2003/04 budgets. The additional expenditure, whilst not specifically budgeted in the current year, was provided for in previous years, and therefore represents a timing difference rather than a project overspend.
- A reduced spend on insurance, rates and property management compared with budget.

### 3.3 WRC Holdings Ltd (WRCHL)

The WRCHL result shows an operating deficit of \$48,000, compared with the budgeted deficit of \$53,000 for the corresponding period.

#### **4. Projected results for the WRC Holdings Group for the year to 30 June 2004**

The expected performance of the WRC Holdings Group to 30 June 2004 will be largely influenced by the full year performance of CentrePort. At this stage officers are forecasting a reduced dividend from CentrePort to PIL which flows through to a reduced dividend from WRC Holdings to the Council, of approx \$170,000.

#### **5. Communications**

There is nothing significant to communicate at this time.

#### **6. Recommendation**

*That the Committee recommend that the Council receive the report and note its contents.*

Report prepared by:

**Greg Schollum**  
Chief Financial Officer

**Attachment 1:** Port Investments Limited – Summarised Financial Statements for the six months ended 31 December 2003

**Attachment 2:** Pringle House Limited – Summarised Financial Statements for the six months ended 31 December 2003

**Attachment 3:** WRC Holdings Limited – Summarised Financial Statements for the six months ended 31 December 2003