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**Report 02.577**

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Report to the Policy, Finance and Strategy Committee  
from Greg Schollum, Chief Financial Officer

## **Approval of Dividend from WRC Holdings Ltd**

### **1. Purpose**

To approve the payment of a dividend of \$1.8 million by WRC Holdings Ltd to the Council.

### **2. Background**

The Directors of WRC Holdings Ltd met on 26 September 2002 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 to the Council.

The Directors have satisfied themselves that the "solvency test" would be met and have proposed the payment of a dividend of \$1.8 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).

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 2001/02 annual accounts (to be considered by the Committee on 31 October 2002) have been prepared on the assumption that this dividend is approved.

A copy of the shareholder's resolution required is provided as **Attachment 1**.

### **3. Comment**

The increased dividend proposed by WRC Holdings Limited is primarily related to a better than budgeted 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 the WRC Holdings Ltd net surplus is in accordance with the Company's dividend policy. The dividend of \$1.8 million compares favourably with the dividend of \$0.7 million budgeted for in the Council's 2001/02 Annual Plan.

As mentioned earlier, the increased dividend has been included in the Council's draft financial results for the year ended 30 June 2002.

#### 5. **Communications**

As the dividend will be reflected in the Council's 2001/02 Annual Report, no separate communication is needed at this time.

#### 6. **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 a dividend of \$1.8 million (fully imputed) and authorise the affixing of the Council's Common Seal to the necessary documentation giving effect to that transaction.*

GREG SCHOLLUM  
Chief Financial Officer

**Attachment 1: Copy of shareholder's resolution to approve the Dividend**