



Report 06.565
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Committee Policy, Finance and Strategy
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Approval of Dividend from WRC Holdings Limited

1. Purpose

To approve the payment of a dividend of \$395,230 by WRC Holdings Limited to the Council.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

The Directors of WRC Holdings Limited met on 26 September 2006 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. Revaluation gains do not represent cash profits.

The Directors have satisfied themselves that the "solvency test" would be met and have approved a dividend of \$395,230 (fully imputed) to the Council. However, WRC Holdings Limited's Constitution states that the shareholder needs to give its approval to allow payment of any "distribution", which includes dividends.

The Council's approval to put into effect the payment of the dividend from WRC Holdings Limited to the Council is required. The Directors of WRC Holdings Limited approved the financial statements of WRC Holdings Limited incorporating the proposed dividend.

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

4. Communication

As the dividend will be reflected in the Council's 2005/06 Annual Report, no separate communication is needed at this time.

5. Recommendations

That the Committee recommend to Council that it:

1. **Receive** the report.
2. **Note** its contents.
3. **Approve** the payment by WRC Holdings Limited of \$395,230 (fully imputed)
4. **Authorise** the Divisional Manager – Corporate and Strategy to approve the necessary documentation giving effect to the transaction.

Report prepared by:

Report approved by

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Barry Turfrey
Chief Financial Officer

Attachment 1: Resolution of the sole shareholder