

Council Controlled Trading Organisation (CCTO)



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Far North Holdings Ltd (FNHL)

As the Far North District Council's commercial vehicle, Far North Holdings Ltd (FNHL) will facilitate and develop commercial and infrastructural assets in the Far North District with the aim of maximising profits for its shareholders and creating shareholder value.

Key facts

FNHL forms the focus of Council's interface with its commercial investments and ensures uniformity in approach and reporting. FNHL activities include:

- The provision of maritime, airport, property and car parking facilities.
- The management of maritime and aviation assets under contract to Council.
- Investment in any commercial opportunity that arises including any proposed by its shareholder.
- Sale of any assets held by FNHL.

Structure

Chief Executive

Andrew Nock.

Board of Directors

Council appoints an independent professional Board of Directors. The Directors as at 30 June 2013:

- Ross Blackman (Chairperson);
- Bill Birnie;
- Councillor Ian Walker and;
- Mr Kevin Baxter.



Our major achievements in 2012/13

- Increased profit over the previous year by 59%.
- Increased cash return to Council by increased dividend payment.
- Increased asset value to Council of \$4.58 million.

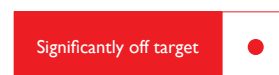
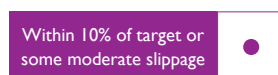
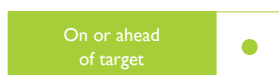
Challenges we experienced

- Continuing uncertainty in the business community

Plans for the next 12 months


- Further progress the Opuā Marina Stage 2 development.
- After tax profit prior to change in fair value of investment properties, \$825,000 for year end June 2014.
- FNHL to pay a dividend of 50% of its after tax operating profit; should the shareholder require
- Nil equity requirement from shareholder.
- Equity ratio to be greater than 50%.
- Interest cover ratio to be greater than 1.5 times earnings before tax and revaluations.
- Maintain Airport Authority status for the airports under its control.
- No abatement notices.
- No staff workplace accident investigations.
- Support appropriate community activities.
- Assist Council with economic and development initiatives.

The tables below reflect the progress of our key work during 2012/13. Each action/project is linked to the targets set in the LTP. The progress at the end of the financial year against each action/project has been represented by:






2012/13 Action/project	Background	Progress
Further progress the Opua Marina Stage 2 development	The Board has reviewed the various models for the marina extension and agreed that it should make application for the consents to enable the Stage 2 extension	●
Progress comments: FNHL have progressed the engineering and financial modelling and preparations towards a consent application.		
After tax profit prior to change in fair value of investment properties, \$752,000 for year end June 2013	The company has exceeded its budget profit, as a result of improved rental returns, and new business acquisitions, and continued expense reviews	●
Progress comments: The company achieved an after tax profit prior to fair value of investment properties of \$818,516.		
FNHL to pay a dividend of 50% of its after tax operating profit, should the shareholder require	The company has been able to increase the amount of the dividend to its shareholder (Council) due to increased profit	●
Progress comments: Final dividend of \$409,258 has been declared.		
Nil equity requirement from shareholder	The company has managed its cash resources and development expenditure within its present funding arrangements	●
Progress comments: The company has not required any further equity from the shareholder.		
Equity ratio to be greater than 50%	The shareholders' equity in the company has increased from retained earnings, being profits after dividends, and increased asset values, whilst debt levels have remained at similar levels to previous years	●
Progress comments: The equity ratio at the 30 June 2013 was 68%.		
Interest cover ratio to be greater than 1.5 times earnings before tax and revaluations	The company's improved profit performance and debt and interest rate management has resulted in an improved cover well in excess of bank requirements and improved over the previous year's 1.92	●
Progress comments: Interest cover for the year was 2.4.		
Maintain Airport Authority status for the airports under its control	Management has in place personnel, policies and procedures as required for the continuing operation of the airport within the Civil Aviation Authority requirements	●
Progress comments: Continued as maintaining Airport Authority status for the year for all airports under FNHL control.		
No abatement notices	The company continues to work closely with the authorities over all environmental issues to ensure it maintains the levels of control that are required within its consents	●
Progress comments: No abatement notices were issued.		

Completed 

On or ahead of target 

Within 10% of target or some moderate slippage 

Significantly off target 

No staff workplace accident investigations	The company ensures all staff are well trained and informed on all safety issues	
Progress comments: There were no notifiable work place accidents.		
Unqualified audit opinion	The Board and management have in place procedures, and policies supported by quarterly internal audits	
Progress comments: An unqualified audit report has been received.		
Support appropriate community activities	A full schedule of the donations is available in our Annual Report	
Progress comments: The company makes donations to various organisations that have a direct benefit or effect on the company's operations or standing in the community.		



Actual achievements against the Key Performance Indicators (KPI) and targets that Far North Holdings Ltd uses to monitor levels of service are detailed below:

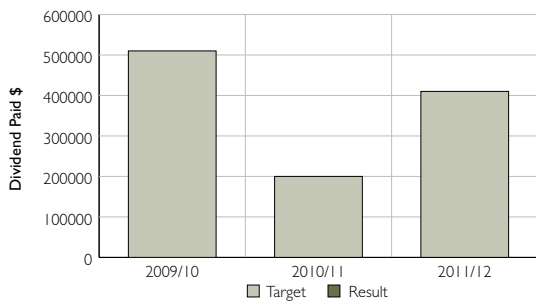
KPI: Provide the shareholder with an adequate return on the existing shareholder funds

Graph shown below represents a three year view of Funds \$



KPI: Deliver value to the shareholder by means of dividends

Graph shown below represents a three year view of Dividend Paid \$



KPI: Communicate with the community to determine views on company activities

Graph shown below represents a three year view of the number of community meetings attended

