

7.2 FAR NORTH HOLDINGS LTD - QUARTER ONE FINANCIAL REPORT 2021/22**File Number: A3569979****Author: Janice Smith, Chief Financial Officer****Authoriser: William J Taylor MBE, General Manager - Corporate Services****TAKE PŪRONGO / PURPOSE OF THE REPORT**

To present the first quarter financial report for Far North Holdings Ltd (FNHL) to Council for information

WHAKARĀPOPOTO MATUA / EXECUTIVE SUMMARY

The financial reports for FNHL would, under normal circumstances, be presented to the Assurance, Risk & Finance Committee (ARF).

Due to the timing of the Christmas break and the ensuing deadlines for reports, it was not possible to prepare a report to ARF, therefore the financial report is being presented to Council.

TŪTOHUNGA / RECOMMENDATION

That the Council receive the report Far North Holdings Ltd - Quarter one financial report 2021/22.

TĀHUHU KŌRERO / BACKGROUND

FNHL prepare quarterly financial reports which are normally presented to the ARF Committee.

Due to the timing of the Christmas break and the ensuing deadlines for reports, it was not possible to prepare a report to ARF, therefore the financial report is being presented to Council.

MATAPAKI ME NGĀ KŌWHIRINGA / DISCUSSION AND NEXT STEPS

The financial report has been reviewed and the following points have been noted:

- Interest rate cover ratio improved from 2.57 at 30 Sep 2020 to 3.59 at 30 Sep 2021 – this represents how many times the company can pay its obligations using earnings.
- Equity/asset ratio increased from 52.37% at 30 Sep 2020 to 54.28% at 30 Sep 2021 – the lower the ratio, the more debt the company has used to pay for its assets.
- Operating surplus increased from \$232k to \$366k between 30 Sep 2020 and 30 Sep 2021, an improvement of 58%, due to:
 - Reduction in Finance Expenses from \$359k to \$291k, 23%.
 - Reduction in Other Operating Expenses from \$890k to \$667k, 34%.
 - Increase in Inventories from \$222k to \$250k, -12%.
- The change in COVID alert levels to alert level 4 on 18 August 2021 impacted recoverable income and associated direct expenses from investment property compared to budget, as tenants were not able to trade and access their businesses during lockdown.
- Rent relief was provided to effected tenants.
- Corporate overheads were under budget again due to lockdown, as staff were not in the office using paper, stationery, water, coffee, etc. so running costs were reduced.

PĀNGA PŪTEA ME NGĀ WĀHANGA TAHUA / FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There are no specific financial implications arising from this report

ĀPITIHINGA / ATTACHMENTS

1. **FNHL First Quarter Report 2021.2022v2 - A3571898**