



# Far North Holdings Limited



**Third Quarter Report**  
**1 January 2023 – 31 March 2023**



# Far North Holdings Limited

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## Third Quarter Report

### For the nine months ended 31<sup>st</sup> March 2023

In accordance with Part 5, Section 67 of the Local Government Act 2002 and Far North Holdings Limited ("FNHL") Statement of Intent for the three years to June 2024 the Directors hereby report on the activities of the company for the nine months from 1<sup>st</sup> July 2022 to the 31<sup>st</sup> March 2023.

FNHL's Statement of Financial Performance and Statement of Financial Position for the nine months to 31<sup>st</sup> March 2023 are attached.

Given the current global uncertainty and the economic outlook, FNHL continues to manage finances prudently while continuing to facilitate and develop commercial and infrastructure assets.

### Significant Variances

Significant variances are determined as variances over (+/-) \$25,000 and 10%.

### Revenue

Goods sold reports \$179k below budget, this is attributable to the lower-than-expected fuel sales due to unfavorable weather conditions and an outage of the outdoor payment system for ten days during February.

Services are \$337k ahead of budget which reflects the high occupancy of the marina and demand for boatyard services coupled with a price increase in both sectors.

Rental income is \$235k above budget due to high proportion of buildings fully tenanted in conjunction with CPI increases.

Commission revenue is \$36k lower than budget due to timing of berth sales.

Other is up \$132k of which \$92k is gain on sale of Kamo Road housing development in Whangarei which was finalised in January 2023, \$12k of unbudgeted income from the introduction of a credit card surcharge, \$14k of project management fees and a \$15k dividend on Fonterra shares.

### Expenses

Employee benefit expenses are \$494k below budget and result from the capitalisation of project management salaries.

Donations are \$62k below budget due to timing of R Tucker Thompson youth training voyage and cancellation of Millennium Cup Regatta.

Other operating expenses are \$761k over budget. This reflects increased organisation-wide training in line with our health and safety policy and ongoing training for the BOI Airport Fire Rescue crew. Also contributing to this increase are overall operational cost increases which are impacting across the portfolio. This is reflective of the inflationary pressure being realised as a result of the current global economic environment.

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Direct expenses from investment property \$175k over budget due in the main to works carried out on Star Hotel, Kawakawa for general repairs and maintenance and bringing the sprinkler/fire systems up to code, repairs to the Quantum and rental car buildings at Bay of Islands Airport.

Inventories \$85k above budget and reflect the high diesel fuel price and \$10k bulk purchase of antifoul for paint shop stock.

Depreciation has increased as a result of upgrades to the Opuā boatyard and building improvements.

Finance expenses \$388k ahead of budget due to capitalisation of interest expense for current development projects.

## **Project Updates**

### **Ngawha Innovations & Enterprise Park**

#### **NIEP Entrance**

The entrance to the Park has now been installed following resolution with Ngāti Rangi. The work was overseen by several hapu members led by Kaumatua Albert and Kaumatua Ivan.

#### **NIEP Corrections**

Both compound buildings have progressed and are now fully enclosed (roof and cladding) and with the windows and doors now on-site the buildings will be watertight allowing internal work to continue unabated during wet weather.

Earthworks on the adjoining housing construction compounds progressed well during February and March when we finally had a dry spell of weather.

Overall, the project is still on track for an end of October completion although weather is still the greatest risk of not completing on time.

### **Community Housing Projects**

#### **Te Hau Ora O Ngāpuhi/FNHL, Kaikohe Housing**

Cyclone Gabrielle affected the progress of site works and transport of buildings from Auckland with the Brynderwyn's closed to oversize traffic, overall site building works are back on track.

Stage 1 and 2 is well underway out of the 4 stages of construction.

Block I - Te Hau Ora O Ngāpuhi 6 x 2 and 3-bedroom houses have been transported to site over the last month and have been lifted in place.

Block A - FNHL 10 x 1-bedroom homes are all in place and being finished and are still looking to be handed over for occupation in October 2023.

#### **Ranfurly Street, Dargaville**

A Resource Consent has been submitted for 46 x 1, 2 and 3-bedroom homes.

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## **General projects**

### **Merlin Labs New Hangar Bay of Islands Airport**

The hangar at BOI Airport has been formally handed over and Merlin Labs who have taken occupation. It is great to see a high-tech engineering company basing themselves out of Kerikeri and the potential impact this may have on the further growth of the airport in attracting similar companies.

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	Actual 9 months to 31-Mar-23 \$	Budget 9 months to 31-Mar-23 \$	Budget vs Actual variance \$	Actual 9 months to 31-Mar-22 \$
Goods sold	2,060,713	2,240,454	179,741	1,963,927
Services	7,877,428	7,540,045	(337,383)	6,010,473
Rental income	3,147,852	2,912,075	(235,777)	2,754,731
Recoverables	520,100	530,877	10,777	481,007
Commission	8,696	45,000	36,304	41,739
Other	197,947	65,700	(132,247)	122,088
Finance income	32,540	18,009	(14,531)	(2,243)
<b>Total Revenue</b>	<b>13,845,276</b>	<b>13,352,160</b>	<b>(493,116)</b>	<b>11,371,722</b>
Employee benefit expenses	3,181,366	3,675,722	494,356	2,975,633
Director compensation	245,778	287,369	41,591	106,370
Corporate overheads	563,884	586,463	22,579	413,442
Donations	2,742	65,250	62,508	65,000
Other operating expenses	2,996,512	2,234,936	(761,576)	2,073,607
Direct expenses from investment property	1,368,080	1,192,599	(175,481)	1,076,984
Inventories	2,120,308	2,034,802	(85,506)	1,642,184
Impairment of receivables	1,540	15,003	13,463	12,675
Depreciation and amortisation	761,655	596,586	(165,069)	636,565
Finance expenses	1,839,966	2,228,027	388,061	997,095
<b>Total Expenses</b>	<b>13,081,831</b>	<b>12,916,757</b>	<b>(165,074)</b>	<b>9,999,555</b>
<b>Profit/(loss) for the period</b>	<b>763,445</b>	<b>435,403</b>	<b>(328,042)</b>	<b>1,372,167</b>

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2023**

	31-Mar-23	31-Dec-22	30-Sep-22	31-Mar-22
<b>Equity</b>				
Share capital	18,000,000	18,000,000	18,000,000	18,000,000
Reserves	12,558,003	12,489,625	12,414,868	9,524,802
Retained earnings	60,714,692	60,621,021	60,150,095	46,197,045
	<b>91,272,695</b>	<b>91,110,646</b>	<b>90,564,963</b>	<b>73,721,847</b>
<b>Current Assets</b>				
Cash and cash equivalents	26,638	740,687	1,018,716	28,792
Trade receivables & prepayments	2,178,793	2,951,470	3,127,856	3,318,797
Inventories	1,496,685	1,526,348	1,541,278	1,701,673
Other investments	5,157,534	1,107,534	1,107,534	578,352
Properties intended for sale	1,360,035	1,360,035	1,360,035	-
	10,219,685	7,686,074	8,155,419	5,627,614
<b>Non Current Assets</b>				
Intangible assets	106,476	107,122	100,000	100,000
Biological assets	310,250	310,250	310,250	1,184,150
Property, plant & equipment	31,472,298	30,559,928	30,691,121	26,920,114
Investment properties	131,437,784	137,384,624	128,961,201	106,200,860
Investments in equity accounted associates	1,355,242	1,355,242	1,355,242	1,232,203
Loans	-	-	-	665,000
	164,682,050	169,717,166	161,417,814	136,302,327
<b>Total Assets</b>	<b>174,901,735</b>	<b>177,403,240</b>	<b>169,573,233</b>	<b>141,929,941</b>
<b>Current Liabilities</b>				
Current Loans	15,780,000	14,050,000	14,000,000	10,500,000
Payables, accruals and income in advance	7,750,039	6,533,338	5,662,987	4,860,921
	23,530,039	20,583,338	19,662,987	15,360,921
<b>Non Current Liabilities</b>				
Loans	38,381,605	42,414,448	38,578,955	38,682,500
Deferred tax liability	3,879,788	3,879,788	3,879,788	3,334,213
Income in advance	17,837,608	19,415,018	16,886,540	10,830,459
	60,099,001	65,709,255	59,345,283	52,847,172
<b>Total Liabilities</b>	<b>83,629,040</b>	<b>86,292,593</b>	<b>79,008,270</b>	<b>68,208,093</b>
	<b>91,272,695</b>	<b>91,110,647</b>	<b>90,564,963</b>	<b>73,721,848</b>