



Far North Holdings Limited

First Quarter Report 2021/2022



1 July 2021 to 30 September 2021



First Quarter Report

For the 3 months ended 30 September 2021

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 3 months from 1 July 2021 to the 20 September 2021.

FNHL's Statement of Financial Position at 30 September 2021 and Statement of Financial Performance for the 3 months to 30 September 2021 are attached.

FNHL's financial performance is below budget however this was expected due to New Zealand moving to alert level 4 on 18 August 2021, albeit we are above the same period last year. FNHL's interest cover ratio is at 3.59, with a permissible ratio of 1.5. The equity/asset ratio is also favourable at 54.28% with a permissible ratio of 50%.

Although Northland moved swiftly through the levels, there continues to be an impact to tourism due to the inability for people to travel freely from or through locked down Auckland. The company has again provided rent relief to the effected tenants and is expecting reduced income from its tourism related areas.

Rent relief was once again provided to commercial tenants who could not operate during level 4. Further support was given to those tenants that continue to be affected by the pandemic and lack of customers from Auckland that traditionally have travelled to Northland.

During the pandemic FNHL will continue to manage finances prudently whilst continuing to facilitate and develop commercial and infrastructural assets, and business growth in the Far North District.

Significant Variances

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

Goods sold is below budget due to honey and fuel sales. Honey sales were slow in the first quarter but have picked up since. Fuel sales are low due to the sale of Intercity to Explore. Explore purchase their fuel directly from the fuel supplier. Consequently, inventory expenses are also below budget.

Recoverable income and associated direct expenses from investment property are down. This is due to tenants not being able to trade and access their business during lockdown.

Corporate overheads are under budget. Again, due to lockdown and staff not being in the office using stationery, power, water, paper, coffee etc, reduces overhead costs of running the business.

Project Updates

Ngawha Innovation and Enterprise Park (NIEP) remains focused on; kaitiaki, creating employment and skills-based training opportunities, the circular economy, and regional capability development. The project is progressing well but has unfortunately been slower than hoped due to difficulties getting materials either out of or through Auckland and the very wet weather.

FNHL's interest in Kaikohe Berryfruit Limited, one of the cornerstone tenants on the park, has grown to 24%. This is because Onyx (Maungatapere Berries) has recently withdrawn its commitment to the berryfruit joint venture. Ngāpuhi Asset Holdings Ltd with support from FNHL have been seeking another partner to bring the horticulture expertise into this investment.

In terms of the construction program at NIEP, the Innovation & Education Centre building foundations are completed, and concrete slab poured. The framing timber is now on site ready for the next stage of building. Practical completion is currently expected October 2022.

The Regent Training Centre development within NIEP is well underway. The platform including under-slab drainage, power and data cabling have all been completed and steel frame erected. Covid and weather delays have had minimal on this project and completion is due August 2022.

The metal platform has been completed for the NorthTec building within NIEP and the slab pour has begun. Despite weather and covid issues, works have progressed well. The steel frame and roof are expected to be on before Christmas.

FNHL's 18-unit community housing development in Kamo Road has been considerably affected by Covid and has experienced delays due to the unit construction being in Auckland. However, it is now back to progressing well and is expected to be completed with handover early in the new year.

A new project at Kerikeri Airport to build and develop a new rental car facility for Avis Building Group to lease is progressing well. The 1745 sqm site will contain a 300 sqm building and include 44 car park spaces for hire vehicles.

Bay of Islands Marina Playground has now been installed. The playground is being enjoyed and praised by locals and boaties alike. It is a great addition to thriving marina precinct.

The Hokianga maritime project is the upgrade of wharves at Te Karaka and, Mangungu, installation of a new pontoon at Motuti and the construction of a new concrete wharf at Rangī Point. The wharves are 90% complete with the pontoon and gangways to be installed. Rangī Point almost complete. These facilities are expected to be available for use this summer.

The renewal of Pukenui and Unahi commercial wharves is progressing well. Pukenui is due to be complete by Christmas and Unahi in February 2022. These projects include the demolition of the existing structures and construction of a replacement concrete wharf, new pontoons, wharf mooring piles, service berth, and seawall repairs. The tender for both was awarded to Total Marine Services Ltd. They are employing Pukenui Excavators and Stonecraft as local subcontractors.

Mangonui Waterfront Development is the extension of the waterfront boardwalk, new public jetty, new footpaths, upgrade of an existing carpark, lighting and landscaping. The tender has been awarded to United Civil Construction Ltd. They are planning on completing most of the boardwalk construction works with a barge to reduce disruption to road users and pedestrians.

Construction of a reclamation in Rangitane to provide approximately 19 trailer parks and 8 car parking spaces is being processed through the EPA. The development proposes the construction of a new double width boat ramp with a launching pontoon, renewal of the existing jetty, and installation of a pontoon and gangway. FNHL continue to work with residents and local Hapu to ensure the progression of this essential development for the community.

Paihia Waterfront Development is the construction of rock breakwaters to provide a calmer wave environment in the Paihia Basin, enabling replenishment of Horotutu Beach to provide a beach for public enjoyment and protect the State Highway and the services within the road. Design is 95% complete, with only the eastern abutment design to be completed. Registration of interests for the main contract were released in September. Due to the effects of lockdown and summer tourism season, physical works is expected to commence in quarter one of 2022.

FAR NORTH HOLDINGS LIMITED

STATEMENT OF FINANCIAL PERFORMANCE
For Three Months Ended 30 September 2021

	Actual	Budget	Budget vs Actual		Actual
	3 months to 30-Sep-21 \$	3 months to 30-Sep-21 \$	%	\$	3 months to 30-Sep-21 \$
Goods sold	208,357	502,122	-59%	(293,765)	381,161
Services	1,791,233	1,915,882	-7%	(124,649)	1,815,620
Rental income	918,278	949,695	-3%	(31,417)	869,289
Recoverables	125,066	162,621	-23%	(37,555)	118,692
Commission	11,304	3,000	277%	8,304	-
Wage Subsidy	111,836	-	0%	111,836	-
Finance income	(6,334)	1,749	-462%	(8,083)	4,554
Total Revenue	3,159,740	3,535,069	-11%	(375,329)	3,189,316
Employee benefit expenses	880,779	846,033	4%	34,746	820,549
Director compensation	31,994	39,801	-20%	(7,807)	30,425
Corporate overheads	98,299	133,101	-26%	(34,802)	130,453
Donations	22,808	25,876	-12%	(3,068)	22,166
Other operating expenses	666,547	681,624	-2%	(15,077)	890,138
Direct expenses from investment property	337,487	403,752	-16%	(66,265)	270,137
Inventories	250,084	401,184	-38%	(151,100)	222,003
Impairment of receivables	8,731	16,251	-46%	(7,520)	3,505
Depreciation and amortisation	205,062	218,367	-6%	(13,305)	209,341
Finance expenses	291,482	297,057	-2%	(5,575)	359,056
Total Expenses	2,793,273	3,063,046	-9%	(269,773)	2,957,773
Operating Surplus	366,466	472,023	-22%	(105,557)	231,543
Tax on items that will not be reclassified to profit or loss	-	-	-	-	-

FAR NORTH HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	30-Sep-21	30-Jun-21	30-Sep-20
Equity			
Share capital	18,000,000	18,000,000	18,000,000
Reserves	9,961,398	10,031,991	7,825,556
Retained earnings	45,674,407	45,214,022	36,876,712
	<u>73,635,805</u>	<u>73,246,013</u>	<u>62,702,268</u>
Current Assets			
Cash and cash equivalents	5,480	87,282	18,863
Trade receivables & prepayments	1,971,776	3,837,729	2,068,221
Inventories	1,693,587	1,690,653	1,584,127
Other investments	573,768	573,768	570,717
Properties intended for sale	-	1,558,678	-
	4,244,612	7,748,110	4,241,926
Non Current Assets			
Intangible assets	100,000	100,000	100,000
Biological assets	1,184,150	1,184,150	1,603,560
Property, plant & equipment	25,376,569	25,413,261	26,699,890
Investment properties	102,772,790	100,409,919	87,000,783
Investments in equity accounted associates	1,232,203	1,232,203	
Loans	665,000	-	-
	131,330,713	128,339,533	115,404,233
Total Assets	135,575,324	136,087,643	119,646,159
Current Liabilities			
Current Loans	1,671,240	1,671,240	1,166,606
Payables, accruals and income in advance	8,112,883	10,389,351	2,701,386
	9,784,123	12,060,591	3,867,992
Non Current Liabilities			
Loans	37,087,422	37,124,992	38,906,840
Deferred tax liability	3,334,213	3,428,132	2,849,253
Income in advance	11,733,762	10,227,914	11,319,807
	52,155,396	50,781,038	53,075,899
Total Liabilities	61,939,520	62,841,629	56,943,891
	<u>73,635,805</u>	<u>73,246,014</u>	<u>62,702,268</u>