

19.1 REDLAND INVESTMENT CORPORATION 2019-2020 YTD MARCH FINANCIAL REPORT**Objective Reference:****Authorising Officer:** John Oberhardt, General Manager Organisational Services**Responsible Officer:** John Oberhardt, General Manager Organisational Services**Report Author:** John Oberhardt, General Manager Organisational Services**Attachments:** 1. RIC Mar 220 YTD Financial Report - Confidential

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

- (h) *other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.*

PURPOSE

To present Redland Investment Corporation's (RIC's) management accounts to Redland City Council (Council) as required by the Service Agreement between RIC and Council.

BACKGROUND

Clause 4.3 of the Service Agreement requires RIC to make available quarterly management accounts to Council. This Financial Report forms part of the management accounts.

ISSUES

There are no issues associated with this report.

STRATEGIC IMPLICATIONS**Legislative Requirements**

There are no legislative requirements associated with this report.

Risk Management

There is no risk management associated with this report.

Financial

There are no financial implications associated with this report.

People

There are no staffing matters associated with this report.

Environmental

There are no environmental matters associated with this report.

Social

There are no social issues associated with this report.

Human Rights

There are no human rights issues associated with this report.

Alignment with Council's Policy and Plans

Supportive and vibrant economy:

- 6.1 Council supports infrastructure that encourages business and tourism growth;
- 6.4 Council receives a return on the community's investment in land to enhance economic and community outcomes; and
- 6.6 Development will be facilitated with a focus on economic growth.

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Board of Redland Investment Corporation	Tuesday 23 June 2020	RIC Board endorsed the documents at the Board meeting held on 23 June 2020.

OPTIONS

Option One

That Council resolves as follows:

1. To note the 2019-2020 year to date March 2020 management accounts.
2. To maintain the attachment to the report as confidential including maintaining the confidentiality of legally privileged, private and commercial in confidence information. The Annual Certified Financial Statements are published by Redland Investment Corporation voluntarily.

Option Two

That Council resolves as follows:

1. To request additional information.
2. To maintain the attachment to the report as confidential including maintaining the confidentiality of legally privileged, private and commercial in confidence information. The Annual Certified Financial Statements are published by Redland Investment Corporation voluntarily.

OFFICER'S RECOMMENDATION

That That Council Resolves as follows:

- 1. To note the 2019-2020 year to date March 2020 management accounts.**
- 2. To maintain the attachment to the report as confidential including maintaining the confidentiality of legally privileged, private and commercial in confidence information. The Annual Certified Financial Statements are published by Redland Investment Corporation voluntarily.**



2019-2020
Year to Date
Financial Report

Period Ending 31 March 2020





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Financial Report

Financial Summary			
For Period Ending 31 March 2020	YTD Actual	YTD Budget	YTD Variance
	\$	\$	\$
Revenue	943,727	1,110,746	(167,019)
Expenditure	1,136,313	1,331,240	194,927
Operating Surplus / (Deficit)	(192,586)	(220,494)	27,908
Cash Balance	6,973,722	5,960,438	1,013,284

RIC's financial performance was favourable against budget as at 31 March 2020, mainly due to savings in administrative costs and variances in employee costs.

Cash flow will continue to be managed prudently over the remainder of the calendar year. The favourable variance in cash flow is mainly due to the timing in recovery of debtors and payment of creditors along with the timing of project costs.

The balance sheet remains strong with a minor debt of \$90,000.

RIC is on track to achieve a conservative profit this year.

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Financial Controller

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income		
For Period Ending 31 March 2020	Notes	\$
Revenue		
Gross profit on sales	1	350,865
Professional service fees	2	278,203
Commercial rent	3	226,078
Parking fees	4	48,683
Interest		39,898
Total revenue		943,727
Expenses		
Employee & director costs		804,530
Corporate costs	5	172,999
Commercial rental operating expense	3	118,081
Car park operating expenses	4	12,067
Depreciation		28,636
Total expenditure		1,136,313
Operating Surplus/(Deficit)		(192,586)

Note 1

Gross profit on sales relates to the revenue from the following projects / sales offset by selling and development costs:

- Moores Road residential lots 1 to 8
- Doig Street car park
- Wynyard Street car park.

RIC has entered into a 12 month lease with the new owners of Wynyard Street car park so that it can continue to be used as a public car park in support to Council and the Redlands Coast community. This lease will expire in December 2020. All the costs of maintaining this public car park are borne by RIC until the end of this lease term, although there is no financial benefit from this lease to RIC.

Note 2

Professional service fees revenue refers to the recovery of RIC staff time associated with key Council projects consisting of the Weinam Creek PDA, Toondah Harbour PDA and the Capalaba Town Centre revitalisation project.

Note 3

Commercial rent and related operating expenses refer to 48 Bloomfield Street investment property (Cleveland Plaza) owned by RIC.

Note 4

Parking fees and related operating costs relate to the operation of the Colburn Avenue car park at Victoria Point. RIC manages and pays for the operation of this car park and derives revenue from it.

Note 5

Corporate costs refer to costs associated with the operational running of RIC. The costs are higher than usual for this year due to the consulting costs associated with covering key management personnel vacancy and preparation of annual financial statements for 2018-2019.

Statement of Financial Position

Statement of Financial Position	
For Period Ending 31 March 2020	\$
ASSETS	
Current assets	
Cash and cash equivalents	6,973,722
Trade and other receivables	571,429
Inventory	1,147,910
Total current assets	8,693,061
Non-current assets	
Investment property	4,245,124
Property, plant and equipment	527,481
Total non-current assets	4,772,605
Total assets	13,465,666
LIABILITIES	
Current liabilities	
Trade and other payables	740,899
Provisions	46,605
Total current liabilities	787,504
Non-current liabilities	
Borrowings	90,000
Provisions	63,841
Total non-current liabilities	153,841
Total liabilities	941,345
Net assets	12,524,321
EQUITY	
Equity attributable to owners	13,101,100
Retained earnings	(576,779)
Total equity	12,524,321

Statement of Cash Flows

Statement of Cash Flows	
For Period Ending 31 March 2020	\$
Cash Flows from Operating Activities	
Receipts from customers	3,470,796
Payments to suppliers and employees	(7,137,398)
Interest received	31,533
Finance costs	(7,104)
Net cash generated by/(used by) operating activities	(3,642,174)
Cash Flows from Investing Activities	
Net proceeds from investments	6,526,825
Purchase of property, plant & equipment	(57,769)
Net cash generated by/(used in) investing activities	6,469,056
Cash Flows from Financing Activities	
Proceeds from borrowings	90,000
Repayment of borrowings	0
Dividends paid	0
Net cash generated by/(used in) financing activities	90,000
Net increase/(decrease) in cash and cash equivalents held	2,916,882
Cash and cash equivalents at beginning of financial year	4,056,840
Cash and cash equivalents at the end of period	6,973,722