

3. CORPORATE FINANCE REPORT FOR PERIOD ENDED JUNE 2010

General Manager responsible:	General Manager Corporate Services, DDI 941-8540
Officer responsible:	Corporate Finance Manager
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PURPOSE OF REPORT

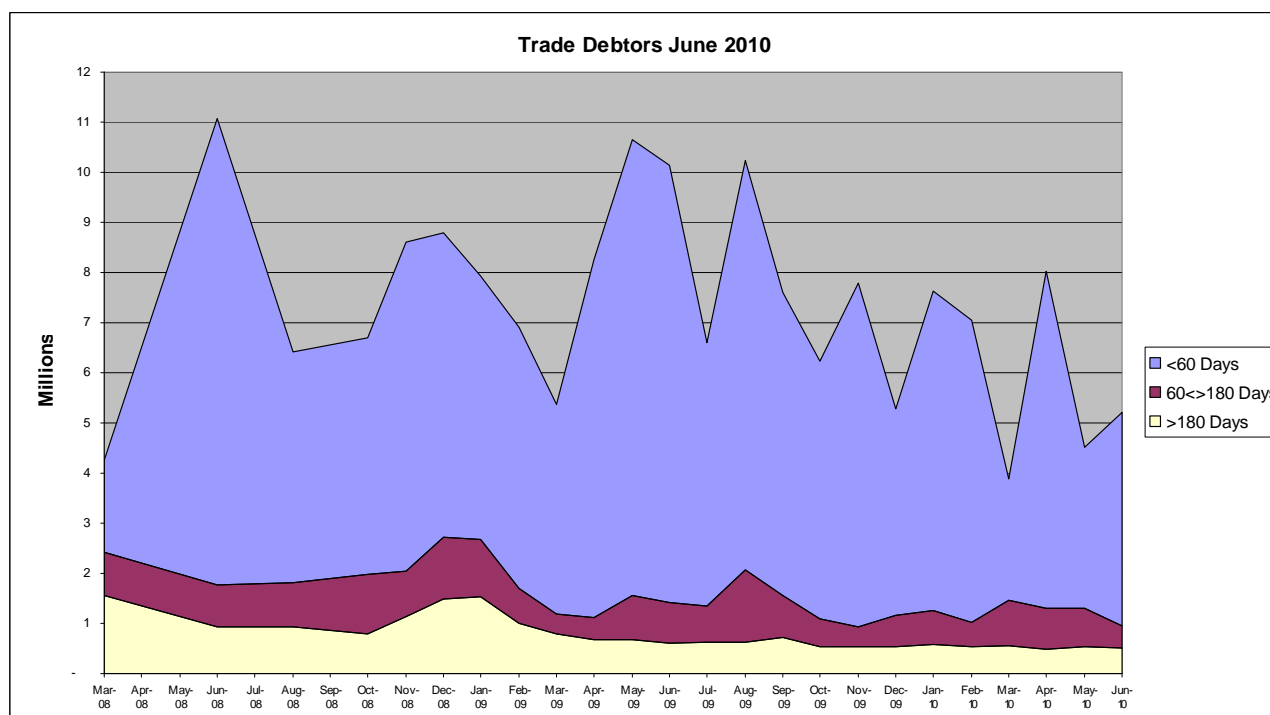
1. The purpose of this report is to provide the Audit and Risk Management Subcommittee with an update on key financial and treasury matters for the period ending June 2010.

TREASURY

2. The table attached as **Appendix 1** shows that the Council remained within its financial ratio policy limits. As at the date of this report there are no changes to the forecast that would cause Council to breach these limits for the balance of the LTCCP period.
3. Council received a special dividend of \$73.3 million from Christchurch City Holdings Limited. These funds were used to repay the internal borrowing of \$25 million, the process in which we drawdown on our own deposits to fund the capital programme and credit the special funds with a market rate of interest. As detailed in the 2010-11 Annual Plan the remaining balance of the special dividend will be used to reduce the required borrowing in the next financial year.
4. At 30 June 2010 Council's borrowing was \$18.1m higher than planned, largely reflecting the advance and investment in CCC Two Ltd for the purchase of Meta, as resolved by Council on 29 July 2009. There were a number of other offsetting variances which were mainly timing issues associated with carry forwards, and the application of special dividend monies.

DEBTORS

5. At 30 June 2010 the debtor balance stood at \$5.2 million, \$1.3 million above that reported in January. \$1.2 million of the variance is due to the increase in SAP debtors. The balance at year end is well below that of the last two years as costs owing to Council have been invoiced and recovered throughout the year rather than at year end as was the previous practice.
6. As at 30 June the overdue debtors totalled \$709,800, or 13.7 per cent of total debt. The March figures were \$841,798 and 21.6 per cent. A detailed report of overdue debtors over \$20,000 (**Appendix 2**), will be tabled at the meeting.
7. Debt written off for the year totalled \$230,288 as compared to last year's figure of \$256,556. Further detail is provided in **Appendix 3** (attached).



FINANCIAL AND LEGAL CONSIDERATIONS

8. There are no financial or legal implications.

STAFF RECOMMENDATIONS

It is recommended that the report be received.