

19.1 REDLAND INVESTMENT CORPORATION 2019/2020 YTD SEPTEMBER 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. **2019-2020 Financial Report For Period Ending 30 September 2019 - 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) 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.

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.

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	Thursday 30 October 2019	RIC Board endorsed the documents at the Board meeting held on 30/10/2019

OPTIONS

Option One

That Council resolves as follows:

1. To note the 2019-2020 year to date September 2019 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.

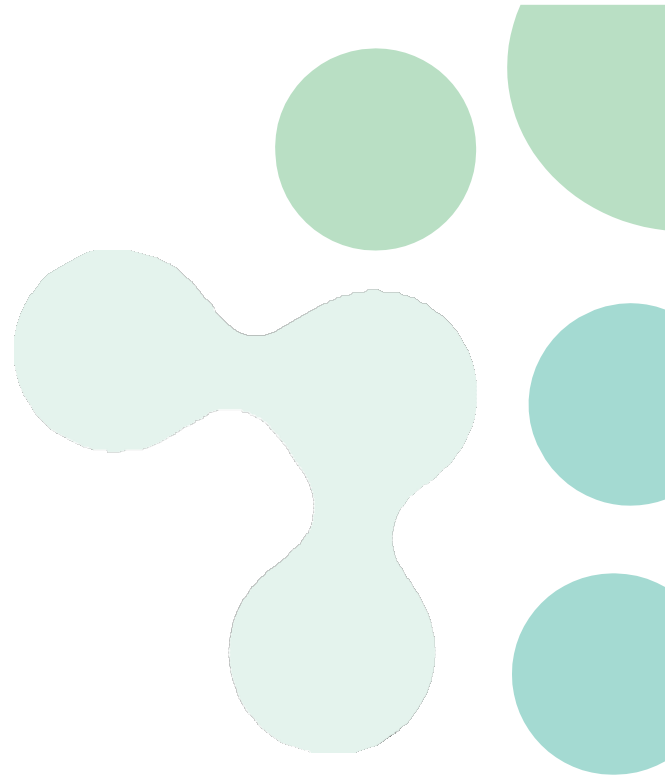
Option Two

That Council resolves to request further information prior to noting.

OFFICER'S RECOMMENDATION

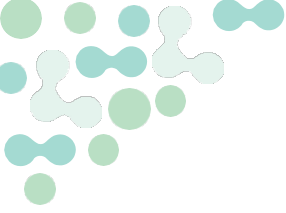
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2019-2020
Financial Report
For Period Ending
30 September 2019





Introduction






Vision

Redland Investment Corporation (RIC) strives to be an innovative, responsible and sustainable company that achieves its business objectives and creates value for the Redlands Coast community and Council.

Mission

-  **Grow** the economy through facilitating development and business opportunities and supporting local jobs
-  **Lead** the Redlands Coast development industry by delivering high quality, exemplary projects that consider the environment, community and best practice industry principles
-  **Balance** the long-term impacts of investment decisions with the financial returns and consideration of the community's broader needs including social and environmental aspects
-  **Manage** and achieve Council outcomes
-  **Negotiate** nominated commercial negotiations on behalf of Council and provide a better financial return for the Redlands Coast community
-  **Focus** on delivering place making and city building projects, providing economic growth and community benefit for the Redlands Coast
-  **Build** profitable, successful projects and respected relationships with business groups and the community

Values

-  **Safety first** – we ensure our own safety and the safety of others
-  **Ethical and responsible decision making** – we honour our commitments and are open, honest and transparent
-  **Safeguard perpetual financial success** – we maintain profitability, control costs and pursue innovation and revenue diversification
-  **Earn the trust and respect of our customers and the community** – we are customer service-orientated and take care to understand Council's and the community's needs
-  **Promote a positive workplace** – we encourage engagement, creativity and acknowledge achievements.



CEO Report

The period from 1 July to 30 September 2019 focused on the wrap-up of the 2018-2019 financial statements, making significant headway in key projects and cash management.

From a finance perspective, we have navigated through significant milestones and changes this first quarter, including obtaining audit certification for 2018-2019 financial year, handover from BDO to the new Financial Controller and embedding process changes.

Our new Financial Controller Rukmie Lutherus is fitting in well with the team and adding value to the organisation.

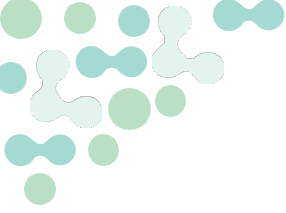
From a project perspective, we have laid the groundwork to begin construction on the Weinam Creek car park after extensive consultation with the community, while continuing to negotiate on the Capalaba Town Centre precinct development with proponents of the tender.

The construction of the residential lots at Moores Road is now complete with settlements due in the second quarter.

The team and I look forward to continuing to demonstrate our ability to add value and benefit to the community throughout the year.

Peter Kelley

Chief Executive Officer



Financial Report

Financial Summary			
For Period Ending 30 September 2019	YTD Actual	YTD Budget	YTD Variance
	\$	\$	\$
Revenue	174,669	173,463	1,206
Expenditure	355,831	380,789	(24,958)
Operating Surplus / (Deficit)	(181,162)	(207,326)	26,164
Cash Balance	2,851,964	3,151,379	(299,415)

Our performance was favourable against budget, mainly in relation to timing variances for:

- professional service fees revenue and
- repairs and maintenance required to Cleveland Plaza units.

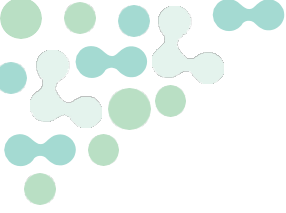
Cash flow will continue to be managed prudently over the remainder of the calendar year, with significant cash inflows occurring in the next two quarters as discussed below. The unfavourable variance in cash flow is mainly due to development work carried over from last financial year not originally budgeted for this financial year and bonds held by suppliers not yet returned.

The balance sheet remains strong with a minor debt of \$90,000 as at 30 September 2019.

The next quarter will see significant activity, including the settlement of Moores Road residential lots and the Doig Street car park, along with the development of the Weinam Creek car park.

Rukmie Lutherus

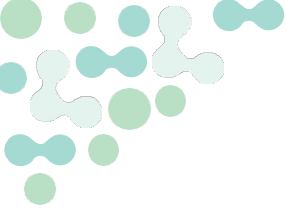
Financial Controller



Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	
For Period Ending 30 September 2019	YTD Actual
	\$
Revenue	
Sales	-
Professional service fees	74,049
Commercial rent	79,722
Parking fees	15,636
Interest	4,966
Other	296
Total revenue	174,669
Expenses	
Cost of goods sold	-
Employee & director costs	264,750
Consultant costs	42,635
Corporate costs	7,128
Rental expenses	31,954
Depreciation	8,711
Finance costs	653
Total expenditure	355,831
Operating Surplus/(Deficit)	(181,162)



Statement of Financial Position

Statement of Financial Position	
For Period Ending 30 September 2019	\$
ASSETS	
Current assets	
Cash and cash equivalents	2,851,964
Trade and other receivables	905,098
Inventory	2,768,984
Other current assets	33,621
Investment property	8,072,502
Total current assets	14,632,169
Non-current assets	
Investment property	4,017,148
Property, plant and equipment	498,594
Total non-current assets	4,515,742
Total assets	19,147,911
LIABILITIES	
Current liabilities	
Trade and other payables	5,195,692
Deferred Revenue	1,274,470
Total current liabilities	6,470,162
Non-current liabilities	
Borrowings	90,000
Provisions	52,004
Total non-current liabilities	142,004
Total liabilities	6,612,166
Net assets	12,535,745
EQUITY	
Equity attributable to owners	13,101,100
Retained earnings	(565,355)
Total equity	12,535,745

Statement of Cash Flows

Statement of Cash Flows	
For Period Ending 30 September 2019	\$
Cash Flows from Operating Activities	
Receipts from customers	150,196
Payments to suppliers and employees	(1,390,602)
Interest received	4,966
Finance costs	653
Net cash generated by/(used by) operating activities	(1,234,787)
Cash Flows from Investing Activities	
Purchase of investments	(22,502)
Purchase of property, plant & equipment	(37,587)
Net cash generated by/(used in) investing activities	(60,089)
Cash Flows from Financing Activities	
Proceeds from borrowings	90,000
Repayment of borrowings	-
Dividends paid	-
Net cash generated by/(used in) financing activities	90,000
Net increase/(decrease) in cash and cash equivalents held	(1,204,876)
Cash and cash equivalents at beginning of financial year	4,056,840
Cash and cash equivalents at the end of period	2,851,964

OFFICER'S RECOMMENDATION

That the Redland Investment Corporation group financial statements for period ending 30 September 2019 is noted by Council.