

PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

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**PRINGLE HOUSE LIMITED
DIRECTORY**

Directors

S A Macaskill
A E McQueen
A M Lawson
J W Rowe
Hon M K Shields

Secretary

E P Maguire

Registered Office

142- 146 Wakefield Street
Wellington

Auditors

Audit New Zealand
on behalf of the Controller and Auditor-General

Solicitors

Chapman Tripp Sheffield Young

Bankers

The National Bank of New Zealand Limited

**PRINGLE HOUSE LIMITED
DIRECTORS' REPORT**

The Directors have pleasure in submitting their 2000 Annual Report and Financial Statements.

Principal Activities

The company's principal activities during the period were the ownership and management of its property assets. The object of the company is to own and operate the Wellington Regional Council's main office at 142- 146 Wakefield Street, Wellington (known as the Regional Council Centre), on a cost effective basis.

Results and Distributions	2000	1999
	\$000	\$000
Net surplus (deficit) after tax for the financial year	<u>(68)</u>	<u>(162)</u>
Dividend distribution	<u>-</u>	<u>-</u>

Directors

Disclosure of Interests by Directors

S A Macaskill
Chairman of the Wellington Regional Council

A E McQueen
Councillor of the Wellington Regional Council

A M Lawson
None

J W Rowe
None

Hon M K Shields
Deputy Chair of the Wellington Regional Council

Directors' Interest Register

Directors have had no interest in any transaction or proposed transaction of the company.

Directors' Use of Company Information

There were no notices from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Directors' Indemnity and Insurance

The company's parent company, WRC Holdings Limited, has arranged insurance to indemnify the Directors against any liability resulting from any act or omission in their capacity as Directors.



Directors' Remuneration

Details of Directors' remuneration are as follows:

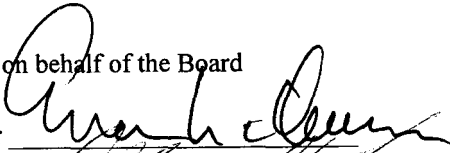
SA Macaskill	Nil
A E McQueen	Nil
A M Lawson	\$6,250
J W Rowe	\$6,250
Hon M K Shields	Nil

Auditor

The Audit Office continues in office in accordance with Section 594 of the Local Government Act 1974. The Controller and Auditor-General has appointed E M Mason of Audit NZ to undertake the audit.

For and on behalf of the Board

Director



Date:

28/9/2000

Director:



Date:

28/9/2000

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PRINGLE HOUSE LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2000

	Note	2000 \$000	1999 \$000
REVENUE			
Rents income		1,278	1,199
Interest income		12	6
Other Income			181
TOTAL OPERATING REVENUE		<u>1,290</u>	<u>1,386</u>
EXPENSES			
Audit fees	13	2	2
Depreciation		52	66
Legal fees		1	4
Management fees		156	113
Other expenses			3
Professional fees		39	6
Directors fees	8	13	
Operating costs	11	498	527
Write down in value of investment properties	4	225	430
TOTAL EXPENSES		<u>986</u>	<u>1,151</u>
NET OPERATING SURPLUS		304	235
Subvention payment	2	372	397
NET SURPLUS (DEFICIT) BEFORE TAXATION		<u>(68)</u>	<u>(162)</u>
Taxation expense	2		
NET SURPLUS (DEFICIT) FOR THE YEAR		<u><u>(68)</u></u>	<u><u>(162)</u></u>

PRINGLE HOUSE LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2000

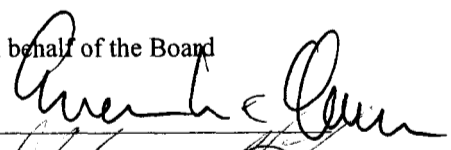
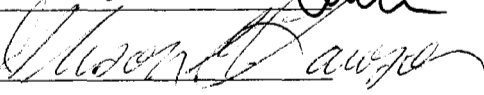
	Note	2000 \$000	1999 \$000
EQUITY AT START OF THE YEAR		5,579	5,741
Net surplus (deficit) for the year		(68)	(162)
Total recognised revenues and expenses for the year		<u>(68)</u>	<u>(162)</u>
EQUITY AT END OF THE YEAR		<u><u>5,511</u></u>	<u><u>5,579</u></u>

The accompanying notes and accounting policies form part of these financial statements.

WJ *JGH*
Em

PRINGLE HOUSE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2000

	Note	2000 \$000	1999 \$000
EQUITY			
Ordinary share capital	3	14,666	14,666
Redeemable preference shares	3	9,375	9,375
Accumulated deficit		<u>(18,530)</u>	<u>(18,462)</u>
TOTAL EQUITY		<u>5,511</u>	<u>5,579</u>
 Represented by:			
NON CURRENT ASSETS			
Investment properties	4	7,145	7,370
Fixed assets	5	<u>207</u>	<u>259</u>
TOTAL NON CURRENT ASSETS		<u>7,352</u>	<u>7,629</u>
 CURRENT ASSETS			
Bank & short term deposits		1	8
Debtors		12	
Current account - Wellington Regional Council	8	<u>182</u>	
TOTAL CURRENT ASSETS		<u>195</u>	<u>8</u>
TOTAL ASSETS		<u>7,547</u>	<u>7,637</u>
 CURRENT LIABILITIES			
Creditors		131	124
Current account - Wellington Regional Council	8		29
Current account - WRC Holdings Limited	8	1,800	1,800
Provision for maintenance		<u>105</u>	<u>105</u>
TOTAL CURRENT LIABILITIES		<u>2,036</u>	<u>2,058</u>
NET ASSETS		<u>5,511</u>	<u>5,579</u>

For and on behalf of the Board
 Director 
 Director 

Date: 28/9/2000
 Date: 28/9/2000

The accompanying notes and accounting policies form part of these financial statements.

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PRINGLE HOUSE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2000

	2000	1999
Note	\$000	\$000
Cash flow from operating activities		
Cash was provided from:		
Other Income		180
Cash was applied to:		
Subvention payment to Wellington Regional Council	(397)	(619)
Net cash flows from operating activities	(397)	(439)
	9	
Cash flow from financing activities		
Cash was provided from:		
Movement in current account -Wellington Regional Council	390	440
Cash was applied to:		
Net cash flow from financing activities	390	440
Net increase (decrease) in cash held	(7)	1
Add opening cash brought forward	8	7
Closing cash carried forward	1	8



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The accompanying notes and accounting policies form part of these financial statements.

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Pringle House Limited is registered under the Companies Act 1993 and is a wholly owned subsidiary of WRC Holdings Limited, which in turn is a wholly owned subsidiary of the Wellington Regional Council. The company is a Local Authority Trading Enterprise as defined in S594 of the Local Government Act 1974. The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 1974.

MEASUREMENT BASE

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Company, modified by the revaluation of certain assets.

ACCOUNTING POLICIES

The following accounting policies which materially affect the financial statements have been applied.

(a) Investment Properties

Investment properties are revalued annually to net current value based on an independent valuation. The result of the revaluation is credited or debited to the statement of financial performance. There is no depreciation on investment properties.

(b) Fixed Assets

Fixed assets are recorded at historical cost.

(c) Depreciation

Assets are depreciated at 20% using the diminishing value method.

(d) Income Tax

The income tax expense charged to the statement of financial performance includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible costs.

Deferred taxation is accounted for using the liability method on a comprehensive basis in respect of those timing differences expected to reverse in the foreseeable future. A deferred tax benefit relating to tax losses is only recognised if there is virtual certainty of realisation.

(e) Goods & Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

(f) Financial Instruments

The company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors and are detailed in the Statement of Financial Position. Revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(g) Revenue Recognition

Rental income and interest income is recognised on an accrual basis.

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PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

(h) Comparatives

Where necessary, comparatives have been restated to assist comparability.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with prior years.



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PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

2. TAXATION

	2000 \$000	1999 \$000
Net surplus (deficit) before taxation	<u>(68)</u>	<u>(162)</u>
Prima facie tax expense @ 33%	(22)	(53)
Adjusted for permanent differences		
Non-deductible expenditure	74	143
Non-assessable income		(60)
Deferred tax movement on provisions not recognised	(32)	(46)
Depreciation	<u>(20)</u>	<u>16</u>
Taxation expense		

The 2000 financial statements include provision for a subvention payment of \$37 1,605 for utilisation by Pringle House Limited of the losses of the Wellington Regional Council.

A subvention payment of \$397,441 was made by Pringle House Limited to Wellington Regional Council in relation to an amount accrued in the 1999 year.

Deferred Taxation

A deferred tax asset of \$0.09M (1999 \$0.05M) has not been recognised on timing differences arising from the difference between accounting and tax depreciation on the basis that it is not anticipated that the building will be sold in the foreseeable future. In addition future tax benefits of \$0.04M (1999 \$0.08M) attributable to provisions for maintenance have not been recognised.

Imputation Credit Account

	2000 \$000	1999 \$000
Opening balance	4	5
Prior year adjustment		(1)
Closing balance	<u>4</u>	<u>4</u>

3. SHARE CAPITAL & REDEEMABLE PREFERENCE SHARES

	2000 \$000	1999 \$000
Ordinary Share Capital		
Authorised and issued Capital 14,666,100 \$1 fully paid ordinary shares	<u>14,666</u>	<u>14,666</u>
Redeemable Preference Shares		
\$1 fully paid redeemable preference shares. Redemption date and dividend payable on these shares is determined by the Directors.	<u>9,375</u>	<u>9,375</u>

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PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

4. INVESTMENT PROPERTIES	2000 \$000	1999 \$000
Opening balance	7,370	7,800
Current year's revaluation (devaluation)	(225)	(430)
Closing balance	<u>7,145</u>	<u>7,370</u>

Investment properties representing the Regional Council Centre at 142-146 Wakefield Street, Wellington were valued as at 30 June 2000 by Richard Ellis (Wellington) Limited.

5. FIXED ASSETS	2000 \$000	1999 \$000
Furniture & fittings at cost	1,715	1,715
Accumulated depreciation	(1,573)	(1,538)
Net book value	<u>142</u>	<u>177</u>
Other assets at cost	778	778
Accumulated depreciation	(713)	(696)
Net book value	<u>65</u>	<u>82</u>
Total fixed assets at cost	2,493	2,493
Accumulated depreciation	(2,286)	(2,234)
Fixed assets net book value	<u>207</u>	<u>259</u>

6. CONTINGENT LIABILITIES

The contingent liabilities of the company at 30 June 2000 were nil (30 June 1999: nil)

7. CONTINGENT ASSETS

The contingent assets of the company at 30 June 2000 were nil (30 June 1999: nil)

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PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

8. RELATED PARTY DISCLOSURES

Approximately seven-ninths of the building owned by the company is leased to the Wellington Regional Council on commercial terms.

The company pays a management fee to the Wellington Regional Council for administrative and management services, meeting expenses and travel reimbursement.

At 30 June 2000 the company had on issue 9,375,000 Redeemable Preference Shares to its parent company, WRC Holdings Limited. These shares are redeemable at the Directors' discretion subject to one month's notice.

At 30 June 2000 the Wellington Regional Council had nil on advance to the company (30 June 1999; \$29,000) Interest is payable on such advances, however these advances have no fixed repayment term.

At 30 June 2000 the company had advanced the Wellington Regional Council \$182,000 (30 June 1999; Nil) Interest is payable on such advances, these advances have no fixed repayment term.

At 30 June 2000 the company had borrowed \$1 .8m (1999: \$1 .8m) from WRC Holdings Limited interest free, with no fixed repayment terms.

Director Fees:

S A Macaskill receives a salary from the Wellington Regional Council. A E McQueen and M K Shields are entitled to a daily allowance of \$185 for attending WRC Holdings Group meetings on those days where they are not receiving an allowance for attendance at a Wellington Regional Council meeting. A M Lawson and J W Rowe each received fees of \$6,250 during the year.

9. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS (DEFICIT) AFTER TAX

	2000 \$000	1999 \$000
Net surplus (deficit) after taxation	(68)	(162)
Add back non cash items:		
Depreciation	52	66
Write down of investment properties	225	430
Add (less) movement in working capital:		
Increase (decrease) in creditors	7	(176)
Increase(decrease)in debtors	(12)	
(Increase) decrease in current account - Wellington Regional Council	(211)	(158)
Add (less) items classified as financing activities:		
Decrease in WRC current account relating to financing activities	<u>(390)</u>	<u>(439)</u>
Net cash flow from operating activities	<u><u>(397)</u></u>	<u><u>(439)</u></u>

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

10. KEY PERFORMANCE TARGETS - Statement of Corporate Intent

Key performance targets are set for the WRC Holdings Limited Group as a whole and are reported on in the WRC Holdings Limited 2000 Annual Report and Financial Statements.

11. OPERATING COSTS

	2000	1999
	\$000	\$000
Cleaning	26	26
Insurance	53	61
Miscellaneous	5	6
Power	72	62
Pates	141	169
Repairs & maintenance	154	178
Security	47	25
Operating Costs	498	527

Rental paid by tenants of the Regional Council Centre includes an amount to cover the operating costs.

12. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided was nil (30 June 1999: nil)

13. AUDITORS' REMUNERATION

	2000	1999
	\$000	\$000
Fees to auditors for audit of financial statements	2	2
Fees to auditors for other services	-	-
	<u>2</u>	<u>-</u>
	<u>2</u>	<u>-</u>

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REPORT OF THE AUDIT OFFICE
TO THE READERS OF THE FINANCIAL STATEMENTS OF
PRINGLE HOUSE LIMITED
FOR THE YEAR ENDED 30 JUNE 2000

We have audited the financial statements on pages 5 to 13. The financial statements provide information about the past financial performance of Pringle House Limited and its financial position as at 30 June 2000. This information is stated in accordance with the accounting policies set out on pages 8 to 9.

Responsibilities of the Board of Directors

The Local Government Act 1974 and the Financial Reporting Act 1993 require the Board of Directors (the Board) to prepare financial statements which comply with generally accepted accounting practice and give a true and fair view of the financial position of Pringle House Limited as at 30 June 2000 and the results of its operations and cash flows for the year ended 30 June 2000.

Auditor's responsibilities

Section 594ZC of the Local Government Act 1974 requires the Audit Office to audit the financial statements presented by the Board. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed E M Mason, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Board in the preparation of the financial statements *and*
- ▲ whether the accounting policies are appropriate to Pringle House Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Pringle House Limited.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- ▲ proper accounting records have been kept by Pringle House Limited as far as appears from our examination of those records *and*
- ▲ the financial statements of Pringle House Limited on pages 5 to 13 :
 - comply with generally accepted accounting practice *and*
 - give a true and fair view of:
 - the financial position as at 30 June 2000 *and*
 - the results of its operations and cash flows for the year ended on that date *and*

Our audit was completed on 28 September 2000 and our unqualified opinion is expressed as at that date.



E M Mason
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand