

PRINGLE HOUSE LIMITED
HALF YEAR REPORT AND FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

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**PRINGLE HOUSE LIMITED
DIRECTORY**

Directors

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

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 half year Report and unaudited Financial Statements for the period ended 31 December 2001.

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	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June-01 \$000
Net surplus (deficit) after tax for the financial year	352	359	(101)
Dividend distribution			

The Directors intend to transfer by way of subvention payment all assessable income for the full year to another member of the group. No allowance for such a subvention payment has been incorporated into these financial statements.

Directors

Disclosure of Interests by Directors

Hon M K Shields
Chairperson of the Wellington Regional Council

S A Macaskill
Former Chairperson of the Wellington Regional Council

A E McQueen
Former Councillor of the Wellington Regional Council

A M Lawson
None

J W Rowe
None

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.

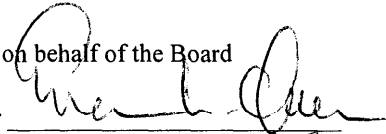

Directors' Remuneration

Details of Directors' remuneration are as follows:

Hon M K Shields	Nil
S A Macaskill	\$1,257
A E McQueen	\$1,257
A M Lawson	\$3,125
J W Rowe	\$3,125

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 
Director 

Date: 12-03-02
Date: 12-03-02

PRINGLE HOUSE LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

	Note	Half Year to Dee-01 \$000	Half Year to Dee-00 \$000	Full Year to June-01 \$000
REVENUE				
Rents income		648	639	1,299
Interest income		10	11	29
Other Income		40		123
TOTAL OPERATING REVENUE		<u>698</u>	<u>650</u>	<u>1,451</u>
EXPENSES				
Audit fees	13			2
Depreciation		17	21	41
Legal fees				
Management fees		80	80	164
Other expenses				
Professional fees		1	11	9
Directors fees	8	9	6	13
Operating costs	11	239	173	552
Write down in value of investment properties	4			265
TOTAL EXPENSES		<u>346</u>	<u>291</u>	<u>1,046</u>
NET OPERATING SURPLUS		<u>352</u>	<u>359</u>	<u>405</u>
Subvention payment	2			(506)
NET SURPLUS (DEFICIT) BEFORE TAXATION		<u>352</u>	<u>359</u>	<u>(101)</u>
Taxation expense	2			
NET SURPLUS (DEFICIT) FOR THE PERIOD		<u>352</u>	<u>359</u>	<u>(101)</u>

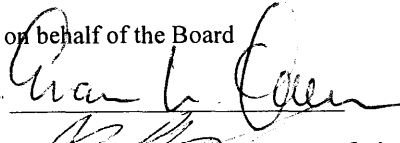

PRINGLE HOUSE LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

	Note	Half Year to Dee-01 \$000	Half Year to Dee-00 \$000	Full Year to June-01 \$000
EQUITY AT START OF THE YEAR		5,411	5,511	5,511
Net surplus (deficit) for the year		352	359	(101)
Total recognised revenues and expenses for the year		<u>352</u>	<u>359</u>	<u>(101)</u>
EQUITY AT END OF THE PERIOD		<u>5,763</u>	<u>5,870</u>	<u>5,410</u>

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

PRINGLE HOUSE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2001 (UNAUDITED)

	Note	Half Year to Dee-01 \$000	Half Year to Dee-00 \$000	Full Year to June-01 \$000
EQUITY				
Ordinary share capital	3	14,666	14,666	14,666
Redeemable preference shares	3	9,375	9,375	9,375
Accumulated deficit		(18,278)	(18,171)	(18,631)
TOTAL EQUITY		<u>5,763</u>	<u>5,870</u>	<u>5,410</u>
Represented by:				
NON CURRENT ASSETS				
Investment properties	4	6,880	7,145	6,880
Fixed assets	5	149	186	166
TOTAL NON CURRENT ASSETS		<u>7,029</u>	<u>7,331</u>	<u>7,046</u>
CURRENT ASSETS				
Bank & short term deposits		1		1
Debtors		14	9	11
Current account - Wellington Regional Council	8	568	436	219
TOTAL CURRENT ASSETS		<u>583</u>	<u>445</u>	<u>231</u>
TOTAL ASSETS		<u>7,612</u>	<u>7,776</u>	<u>7,277</u>
CURRENT LIABILITIES				
Creditors		49	45	67
Current account - Wellington Regional Council	8			
Current account - WRC Holdings Limited	8	1,800	1,800	1,800
Provision for maintenance			61	
TOTAL CURRENT LIABILITIES		<u>1,849</u>	<u>1,906</u>	<u>1,867</u>
NET ASSETS		<u>5,763</u>	<u>5,870</u>	<u>5,410</u>

For and on behalf of the Board
 Director: 
 Director: 

Date: 12-03-02
 Date: 12-03-02

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

PRINGLE HOUSE LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

	Half Year to Dee-01 \$000	Half Year to Dee-00 \$000	Full Year to June-01 \$000
Cash flow from operating activities			
Cash was provided from:			
Other Income			-
Cash was applied to:			
Subvention payment to Wellington Regional Council			372
Net cash flows from operating activities	9		<u>372</u>
Cash flow from financing activities			
Cash was provided from:			
Movement in current account -Wellington Regional Council			372
Cash was applied to:			
Net cash flow from financing activities		-	<u>372</u>
Net increase (decrease) in cash held		-	-
Add opening cash brought forward		1	<u>1</u>
Closing cash carried forward			<u><u>1</u></u>

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

PRINGLE HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

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 FRS-24 (Interim Financial Statements) and should be read in conjunction with the Company's 2001 annual report and financial statements.

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 re-valued 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. 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 and interest income are recognised on an accrual basis.

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.

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

	Half Year to Dee-01 \$000	Half Year to Dee-00 \$000	Full Year to June-01 \$000
2. TAXATION			
Net surplus (deficit) before taxation	352	359	(101)
Prima facie tax expense @ 33%			(33)
Adjusted for permanent differences			
Non-deductible expenditure			87
Non-assessable income			
Deferred tax movement on provisions not recognised			
Depreciation			(54)
Taxation expense			(54)

Tax calculations have not been completed for the half year. However the Directors intend to transfer by way of subvention payments all assessable income for the year to another member of the group. No allowance for such a subvention payment has been incorporated into the financial statements.

Deferred Taxation

No deferred tax (**30 June 2001 Asset of \$0.71m**) has been recognised on timing differences arising from the difference between accounting and tax depreciation in the respect of all fixed assets. This is on the basis that there is no virtual certainty of the realisation of those assets.

	Half Year to Dee-01 \$000	Half Year to Dee-00 \$000	Full Year to June-01 \$000
Imputation Credit Account			
Opening balance	4	4	4
Prior year adjustment			
Closing balance	4	4	4

3. SHARE CAPITAL & REDEEMABLE PREFERENCE SHARES

	Half Year to Dee-01 \$000	Half Year to Dee-00 \$000	Full Year to June-01 \$000
Ordinary Share Capital			
Authorised and issued Capital 14,666,100 \$1 fully paid ordinary shares	14,666	14,666	14,666
Redeemable Preference Shares			
\$1 fully paid redeemable preference shares. Redemption date and dividend payable on these shares is determined by the Directors.	9,375	9,375	9,375

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

4. INVESTMENT PROPERTIES	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June-01 \$000
Opening balance	6,880	7,145	7,145
Current year's revaluation (devaluation)		-	(265)
Closing balance	6,880	7,145	6,880

Investment properties representing the Regional Council Centre at 142- 146 Wakefield Street, Wellington were valued as at 30 June 2001 by Richard Ellis (Wellington) Limited.

5. FIXED ASSETS	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June-01 \$000
Furniture & fittings at cost	1,715	1,715	1,715
Accumulated depreciation	(1,613)	(1,587)	(1,601)
Net book value	102	128	114
Other assets at cost	778	777	778
Accumulated depreciation	(731)	(719)	(726)
Net book value	47	58	52
Total fixed assets at cost	2,493	2,492	2,493
Accumulated depreciation	(2,344)	(2,306)	(2,327)
Fixed assets net book value	149	186	166

6. CONTINGENT LIABILITIES

The contingent liabilities of the company at 31 December 2001 were nil (Dec 2000: nil and June 2001: nil)

7. CONTINGENT ASSETS

The contingent assets of the company at 31 December 2001 were nil (Dec 2000: nil and June 2001: nil)

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

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 31 December 2001 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 31 December 2001 the Wellington Regional Council had nil on advance to the company (Dec 2000: nil and June 2001: nil). Interest is payable on such advances, however these advances have no fixed repayment term.

At 31 December 2001 the company had advanced the Wellington Regional Council \$568,000 (Dec 2000: \$436,000 and June 2001: \$219,000). Interest is payable on such advances, these advances have no fixed repayment term.

At 31 December 2001 the company had borrowed \$1.8m (Dec 2000: \$1.8m and June 2001: \$1.8m) from WRC Holdings Limited interest free, with no fixed repayment terms.

Director Fees:

S A Macaskill received a salary from the Wellington Regional Council during the period until the Local Body elections. Similarly, Hon M K Shields and A E McQueen were entitled to a daily allowance of \$195 for attending WRC Holdings Group meetings on those days where they are not receiving an allowance meeting for attendance at a Wellington Regional Council until the Local Body elections.

Subsequently, Hon M K Shields receives a salary from the Wellington Regional Council.

Because S A Macaskill and A E McQueen did not seek re-election each received fees of \$1,257 for the period after those elections until 31 December 2001.

A M Lawson and J W Rowe each received fees of \$3,125 during the period.

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

	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June-01 \$000
Net surplus (deficit) after taxation	352	359	(101)
Add back non cash items:			
Depreciation	17	21	41
Write down of investment properties			265
Add (less) movement in working capital:			
Increase (decrease) in creditors	(18)	(130)	(169)
(Increase) decrease in debtors	(3)		1
(Increase) decrease in current account - Wellington Regional Council	(348)	(253)	(37)
Add (less) items classified as financing activities:			
Decrease in WRC current account relating to financing activities			(372)
Net cash flow from operating activities			(372)

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

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 Half Year Report and Financial Statements.

11. OPERATING COSTS

	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June-01 \$000
Cleaning	19	16	31
Insurance	28	32	54
Miscellaneous	1	1	1
Power	57	(11)	111
Rates	71	64	140
Repairs & maintenance	51	52	174
Security	12	19	41
Operating Costs	239	173	552

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 (Dec 2000: nil and June 2001: nil)

13. AUDITORS' REMUNERATION

	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June-01 \$000
Fees to auditors for audit of financial statements	-	-	2
Fees to auditors for other services			
			2