

**Attachment 1 to Report 01.118**  
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**PRINGLE HOUSE LIMITED**  
**HALF YEAR REPORT AND FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)**

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**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

The Directors have pleasure in submitting their half year Report and unaudited Financial Statements for the period ended 31 December 2000.

**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.

<b>Results and Distributions</b>	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Net surplus (deficit) after tax for the financial year	359	281	(68)
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**

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:

S A Macaskill	Nil
A E McQueen	Nil
A M Lawson	\$3,125
J W Rowe	\$3,125
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: \_\_\_\_\_

Director \_\_\_\_\_

Date: \_\_\_\_\_

**PRINGLE HOUSE LIMITED**  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

	Note	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
<b>REVENUE</b>				
Rents income		639	610	1,278
Interest income		11	1	12
Other Income		-	-	-
<b>TOTAL OPERATING REVENUE</b>		<u>650</u>	<u>611</u>	<u>1,290</u>
<b>EXPENSES</b>				
Audit fees	13	-	(2)	2
Depreciation		21	26	52
Legal fees		-	1	1
Management fees		80	79	156
Other expenses		-	-	-
Professional fees		11	18	39
Directors fees	8	6	6	13
Operating costs	11	173	202	498
Write down in value of investment properties	4	-	-	225
<b>TOTAL EXPENSES</b>		<u>291</u>	<u>330</u>	<u>986</u>
<b>NET OPERATING SURPLUS</b>		<u>359</u>	<u>281</u>	<u>304</u>
Subvention payment	2	-	-	372
<b>NET SURPLUS (DEFICIT) BEFORE TAXATION</b>		<u>359</u>	<u>281</u>	<u>(68)</u>
Taxation expense	2	-	-	-
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>		<u><u>359</u></u>	<u><u>281</u></u>	<u><u>(68)</u></u>

**PRINGLE HOUSE LIMITED**  
STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

	Note	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
<b>EQUITY AT START OF THE YEAR</b>		5,511	5,579	5,579
Net surplus (deficit) for the year		359	281	(68)
Total recognised revenues and expenses for the year		<u>359</u>	<u>281</u>	<u>(68)</u>
<b>EQUITY AT END OF THE YEAR</b>		<u><u>5,870</u></u>	<u><u>5,860</u></u>	<u><u>5,511</u></u>

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

**PRINGLE HOUSE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2000 (UNAUDITED)**

	Note	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
<b>EQUITY</b>				
Ordinary share capital	<b>3</b>	14,666	14,666	14,666
Redeemable preference shares	<b>3</b>	9,375	9,375	9,375
Accumulated deficit		(18,171)	(18,181)	(18,530)
<b>TOTAL EQUITY</b>		<b>5,870</b>	<b>5,860</b>	<b>5,511</b>
<b>Represented by:</b>				
<b>NON CURRENT ASSETS</b>				
Investment properties	<b>4</b>	7,145	7,370	7,145
Fixed assets	<b>5</b>	186	233	207
<b>TOTAL NON CURRENT ASSETS</b>		<b>7,331</b>	<b>7,603</b>	<b>7,352</b>
<b>CURRENT ASSETS</b>				
Bank & short term deposits		-	8	1
Debtors		9	7	12
Current account - Wellington Regional Council	<b>8</b>	436	207	182
<b>TOTAL CURRENT ASSETS</b>		<b>445</b>	<b>221</b>	<b>195</b>
<b>TOTAL ASSETS</b>		<b>7,776</b>	<b>7,824</b>	<b>7,547</b>
<b>CURRENT LIABILITIES</b>				
Creditors		45	59	131
Current account - Wellington Regional Council	<b>8</b>	-	-	-
Current account - WRC Holdings Limited	<b>8</b>	1,800	1,800	1,800
Provision for maintenance		61	105	105
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,906</b>	<b>1,964</b>	<b>2,036</b>
<b>NET ASSETS</b>		<b>5,870</b>	<b>5,860</b>	<b>5,511</b>

For and on behalf of the Board

Director \_\_\_\_\_

Date: \_\_\_\_\_

Director \_\_\_\_\_

Date: \_\_\_\_\_

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 2000 (UNAUDITED)**

	Half Year to Dec-00	Half Year to Dec-99	Full Year to June-00
<b>Note</b>	\$000	\$000	\$000
<b>Cash flow from operating activities</b>			
Cash was provided from:			
Other Income		-	-
Cash was applied to:			
Subvention payment to Wellington Regional Council		-	(397)
Net cash flows from operating activities	<b>9</b>	-	(397)
<b>Cash flow from financing activities</b>			
Cash was provided from:			
Movement in current account -Wellington Regional Council		-	390
Cash was applied to:			
Net cash flow from financing activities		-	390
<b>Net increase (decrease) in cash held</b>		-	<b>(7)</b>
Add opening cash brought forward		8	8
<b>Closing cash carried forward</b>		<b>8</b>	<b>1</b>

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 2000 (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 2000 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 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.

**PRINGLE HOUSE LIMITED**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

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 2000 (UNAUDITED)

**2. TAXATION**

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Net surplus (deficit) before taxation	359	281	(68)
Prima facie tax expense @ 33%	-	-	(22)
<b>Adjusted for permanent differences</b>			
Non-deductible expenditure	-	-	74
Non-assessable income	-	-	-
Deferred tax movement on provisions not recognised	-	-	(32)
Depreciation	-	-	(20)
<b>Taxation expense</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 **(June 2000 liability of \$0.09m)** has 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 no future tax benefits **(June 2000 \$0.04m)** attributable to the provision for maintenance have been recognised.

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
<b>Imputation Credit Account</b>			
Opening balance	4	4	4
Prior year adjustment	-	-	-
<b>Closing balance</b>	<b>4</b>	<b>4</b>	<b>4</b>

**3. SHARE CAPITAL & REDEEMABLE PREFERENCE SHARES**

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
<b>Ordinary Share Capital</b>			
Authorised and issued Capital 14,666,100 \$1 fully paid ordinary shares	<b>14,666</b>	<b>14,666</b>	<b>14,666</b>
<b>Redeemable Preference Shares</b>			
\$1 fully paid redeemable preference shares. Redemption date and dividend payable on these shares is determined by the Directors.	<b>9,375</b>	<b>9,375</b>	<b>9,375</b>

**PRINGLE HOUSE LIMITED**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

<b>4. INVESTMENT PROPERTIES</b>	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Opening balance	7,145	7,370	7,370
Current year's revaluation (devaluation)	-	-	(225)
<b>Closing balance</b>	<b>7,145</b>	<b>7,370</b>	<b>7,145</b>

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.

<b>5. FIXED ASSETS</b>	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Furniture & fittings at cost	1,715	1,715	1,715
Accumulated depreciation	(1,587)	(1,555)	(1,573)
Net book value	128	160	142
Other assets at cost	777	777	778
Accumulated depreciation	(719)	(704)	(713)
Net book value	58	73	65
Total fixed assets at cost	2,492	2,492	2,493
Accumulated depreciation	(2,306)	(2,259)	(2,286)
<b>Fixed assets net book value</b>	<b>186</b>	<b>233</b>	<b>207</b>

**6. CONTINGENT LIABILITIES**

The contingent liabilities of the company at 31 December 2000 were nil (Dec 1999: nil & June 2000: nil)

**7. CONTINGENT ASSETS**

The contingent assets of the company at 31 December 2000 were nil (Dec 1999: nil & June 2000: nil)

**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 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 31 December 2000 the Wellington Regional Council had nil on advance to the company (Dec 1999: nil & June 2000: nil). Interest is payable on such advances, however these advances have no fixed repayment term.

At 31 December 2000 the company had advanced the Wellington Regional Council \$436,000 (Dec 1999: \$207,000 & June 2000: \$182,000). Interest is payable on such advances, these advances have no fixed repayment term.

At 31 December 2000 the company had borrowed \$1.8m (Dec 1999: \$1.8m & June 2000: \$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 \$190 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 \$3,125 during the period.

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

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
<b>Net surplus (deficit) after taxation</b>	<b>359</b>	<b>281</b>	<b>(68)</b>
<b>Add back non cash items:</b>			
Depreciation	21	26	52
Write down of investment properties	-	-	225
<b>Add (less) movement in working capital:</b>			
Increase (decrease) in creditors	(130)	(65)	7
(Increase) decrease in debtors	3	(7)	(12)
(Increase) decrease in current account - Wellington Regional Council	(253)	(235)	(211)
<b>Add (less) items classified as financing activities:</b>			
Decrease in WRC current account relating to financing activities			(390)
<b>Net cash flow from operating activities</b>	<b>-</b>	<b>-</b>	<b>(397)</b>

**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-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Cleaning	16	10	26
Insurance	32	26	53
Miscellaneous	1	2	5
Power	(11)	13	72
Rates	64	86	141
Repairs & maintenance	52	37	154
Security	19	27	47
<b>Operating Costs</b>	<b>173</b>	<b>202</b>	<b>498</b>

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 1999: nil & June 2000: nil)

**13. AUDITORS' REMUNERATION**

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Fees to auditors for audit of financial statements		(2)	2
Fees to auditors for other services	-	-	-
	<b>-</b>	<b>(2)</b>	<b>2</b>