

PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

<u>Contents</u>	<u>Page</u>
Directory	2
Directors' Report	3
Statement of Financial Performance	5
Statement of Movements in Equity	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Audit Report	13


8/6

**PRINGLE HOUSE LIMITED
DIRECTORY**

Directors

Hon M K Shields
T J McDavitt (appointed 1 May 2002)
F R Long (appointed 1 May 2002)
S A Macaskill
A Blackburn (appointed 1 May 2002)
A E McQueen (retired 30 April 2002)
A M Lawson (retired 30 April 2002)
J W Rowe (retired 30 April 2002)

Secretary

W J Hastie

Registered Office

142- 146 Wakefield Street
Wellington

Auditors


Audit New Zealand
on behalf of the Auditor-General

Solicitors

Chapman Tripp

Bankers

The National Bank of New Zealand Limited


216

The Directors have pleasure in submitting their 2002 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	2002	2001
	\$000	\$000
Net surplus (deficit) after tax for the financial year	<u>181</u>	<u>(101)</u>
Dividend distribution	<u>200</u>	

Directors

Disclosure of Interests by Directors

Hon M K Shields
Chairperson of the Wellington Regional Council

T J McDavitt (appointed 1 May 2002)
Deputy Chairperson of the Wellington Regional Council

F R Long (appointed 1 May 2002)
Councillor of the Wellington Regional Council

S A Macaskill
Former Chairperson of the Wellington Regional Council

A Blackburn (appointed 1 May 2002)
None

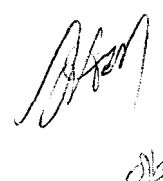
A E McQueen (retired 30 April 2002)
Former Councillor of the Wellington Regional Council

A M Lawson (retired 30 April 2002)
None

J W Rowe (retired 30 April 2002)
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:

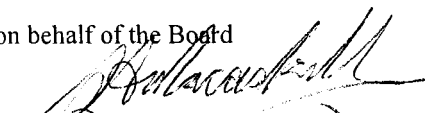
	\$
Hon M K Shields	Nil
T J McDavitt	Nil
F R Long	Nil
S A Macaskill	3,155
A Blackburn	750
A E McQueen	2,405
A M Lawson	3,750
J W Rowe	3,750

Auditor

The Auditor-General continues in office in accordance with Section 15 of the Public Audit Act 2001 and Section 594ZC of the Local Government Act 1974. The Auditor-General is the appointed auditor in accordance with Section 15 of the Public Audit Act 2001 and Section 594ZC of the Local Government Act 1974. The Auditor-General has appointed E M Mason of Audit New Zealand to undertake the audit.

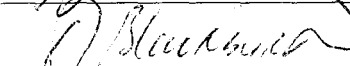
For and on behalf of the Board

Director



Date: 26 September 2002

Director



Date: 26 September 2002

PRINGLE HOUSE LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
REVENUE			
Rental income		1,296	1,299
Interest income		29	29
Other income		101	123
TOTAL OPERATING REVENUE		<u>1,426</u>	<u>1,451</u>
EXPENSES			
Audit fees	13	2	2
Depreciation	5	33	41
Directors fees	8	14	13
Management fees		93	90
Professional fees		6	9
Other Operating costs	11	740	626
Write down in value of investment properties	4		265
TOTAL EXPENSES		<u>888</u>	<u>1,046</u>
NET OPERATING SURPLUS		<u>538</u>	<u>405</u>
Subvention payment	2	<u>(357)</u>	<u>(506)</u>
NET SURPLUS / (DEFICIT) BEFORE TAXATION		<u>181</u>	<u>(101)</u>
Taxation expense	2		
NET SURPLUS / (DEFICIT) FOR THE YEAR		<u><u>181</u></u>	<u><u>(101)</u></u>

PRINGLE HOUSE LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2002

	2002 \$000	2001 \$000
EQUITY AT THE START OF THE YEAR	5,410	5,511
Net surplus / (deficit) for the year	181	(101)
Total recognised revenues and expenses for the year	<u>181</u>	<u>(101)</u>
Distributions to owners during the period	<u>(200)</u>	
EQUITY AT THE END OF THE YEAR	<u><u>5,391</u></u>	<u><u>5,410</u></u>


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

PRINGLE HOUSE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002

	Note	2002 \$000	2001 \$000
EQUITY			
Ordinary share capital	3	14,666	14,666
Redeemable preference shares	3	9,375	9,375
Accumulated deficit		(18,650)	(18,631)
TOTAL EQUITY		5,391	5,410
Represented by:			
CURRENT ASSETS			
Bank and short term deposits			1
Receivables		9	11
Current account - Wellington Regional Council	8	456	219
TOTAL CURRENT ASSETS		465	231
NON CURRENT ASSETS			
Investment properties	4	6,880	6,880
Fixed assets	5	133	166
TOTAL NON CURRENT ASSETS		7,013	7,046
TOTAL ASSETS		7,478	7,277
CURRENT LIABILITIES			
Payables		87	67
Dividends payable		200	
TOTAL CURRENT LIABILITIES		287	67
NON CURRENT LIABILITIES			
Current account - WRC Holdings Limited	8	1,800	1,800
TOTAL NON CURRENT LIABILITIES		1,800	1,800
TOTAL LIABILITIES		2,087	1,867
NET ASSETS		5,391	5,410

For and on behalf of the Board

Director



Date:

26 Sep 02

Director



Date:

26 Sep 02

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

PRINGLE HOUSE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
Cash flow from operating activities			
Cash was applied to:			
Subvention payment to Wellington Regional Council		(506)	(372)
Net cash flows from operating activities	9	<u>(506)</u>	<u>(372)</u>
Cash flow from investing activities			
		-	-
Cash flow from financing activities			
Cash was provided from:			
Movement in current account -Wellington Regional Council		<u>505</u>	<u>372</u>
Net cash flow from financing activities		<u>505</u>	<u>372</u>
Net increase (decrease) in cash held		(1)	
Add opening cash brought forward		<u>1</u>	<u>1</u>
Closing cash carried forward		<u><u>1</u></u>	<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 YEAR ENDED 30 JUNE 2002

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 basis of valuation is market value less the estimated costs of disposal, based on each property's highest and best use. A decrease or increase in value is recognised in the statement of financial performance. Investment properties are not depreciated.

(b) Fixed Assets

Fixed assets are recorded at historical cost.

(c) Depreciation

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

Furniture & Fittings	5 years
Other Assets	5 years

(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 calculated 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 and 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 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, receivables and payables and are detailed in the Statement of Financial Position. Revenue and expense 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.

(h) Changes in Accounting Policies

There have been no changes in accounting policies during the year.



PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

2. TAXATION

	2002 \$000	2001 \$000
Net surplus (deficit) before taxation	181	(101)
Prima facie tax expense @ 33%	60	(33)
Adjusted for permanent differences		
Non-deductible expenditure		87
Non-assessable income		
Deferred tax movement on provisions not recognised	(60)	(54)
Taxation expense		

The 2002 financial statements include provision for a subvention payment of \$356,810 (30 June 2001: \$506,418) to be made by Pringle House Limited for utilisation of the losses of the Wellington Regional Council.

Deferred Taxation

A deferred tax asset of \$0.65m (30 June 2001: \$0.71m) has not been recognised on timing differences arising from the difference between accounting and tax depreciation in respect of all fixed assets. This is on the basis that there is no virtual certainty of the realisation of that asset.

Imputation Credit Account

	2002 \$000	2001 \$000
Opening balance	4	4
Movement during the year		
Closing balance	4	4

3. SHARE CAPITAL AND REDEEMABLE PREFERENCE SHARES

	2002 \$000	2001 \$000
Ordinary Share Capital		
Authorised and issued Capital 14,666,100 \$1 fully paid ordinary shares	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

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

4. INVESTMENT PROPERTIES	2002	2001
	\$000	\$000
Opening balance	6,880	7,145
Current year's revaluation (devaluation)		(265)
Closing balance	6,880	6,880

Investment properties representing the Regional **Council Centre** at 142- 146 Wakefield Street, Wellington were valued as at 30 June 2002 by Richard Ellis (Wellington) Limited.

5. FIXED ASSETS

2002	Cost	Accumulated	Net Book	Depreciation
	\$000	Depreciation	Value	Expense
	\$000	\$000	\$000	\$000
Furniture & Fittings	1,715	(1,624)	91	23
Other Assets	778	(736)	42	10
Total Fixed Assets	2,493	(2,360)	133	33

2001	Cost	Accumulated	Net Book	Depreciation
	\$000	Depreciation	Value	Expense
	\$000	\$000	\$000	\$000
Furniture & Fittings	1,715	(1,601)	114	28
Other Assets	778	(726)	52	13
Total Fixed Assets	2,493	(2,327)	166	41

6. CONTINGENT LIABILITIES

The contingent liabilities of the Company at 30 June 2002 were nil (30 June 2001: nil)

7. CONTINGENT ASSETS

The contingent assets of the Company at 30 June 2002 were nil (30 June 2001: nil)

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

8. RELATED PARTY DISCLOSURES

Approximately 84% 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 2002 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 2002 the Wellington Regional Council had nil on advance to the Company (30 June 2001: nil) Interest is payable on such advances, however these advances have no fixed repayment term.

At 30 June 2002 the Company had advanced the Wellington Regional Council \$456,000 (30 June 2001: \$219,000) Interest is payable on such advances, these advances have no fixed repayment term.

At 30 June 2002 the Company had borrowed \$1.8m (30 June 2001: \$1.8m) from WRC Holdings Limited interest free, with no fixed repayment terms.

All other transactions with related parties have been carried out on normal commercial terms.

Directors Fees:

S A Macaskill received a salary from the Wellington Regional Council during the year until the Local Body elections, which were held on 13 October 2001. 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 for attendance at a Wellington Regional Council meeting until the Local Body elections.

Because Messrs. S A Macaskill and A E McQueen did not seek re-election to the Council each received a fee of \$3,155 and \$2,405, respectively for the period after those elections. Mr McQueen retired as a director on 30 April 2002.

Subsequent to those elections, Hon M K Shields received a salary from the Wellington Regional Council (from 26 October 2001).

Messrs T J McDavitt and F R Long were entitled to a daily allowance of \$195 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 \$3,750 for the 10 month period ended 30 April 2002

A M Lawson and J W Rowe retired as directors on 30 April 2002.

A Blackburn was appointed as a director from 1 May 2002 and received a fee of \$750 for the two month period ended 30 June 2002.

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

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

	2002 \$000	2001 \$000
Net surplus /(deficit) after taxation	181	(101)
Add back non cash items:		
Depreciation	33	41
Write down of investment properties		265
Add /(less) movement in working capital:		
Increase /(decrease) in payables	220	(169)
(Increase) /decrease in debtors		1
(Increase) /decrease in current account - Wellington Regional Council	(237;	(37)
Add /(less) items classified as financing activities:		
(Increase) in provision for dividends relating to financing activities	(200)	
Decrease in WRC current account relating to financing activities	(506)	(372)
Net cash flows from operating activities	(506)	(372)

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 2002 Annual Report and Financial Statements.

11. OTHER OPERATING COSTS

	2002 \$000	2001 \$000
Cleaning	41	31
Insurance	57	54
Miscellaneous	2	
Power	134	111
Property Management Fees	71	75
Rates	144	140
Refurbishment expenditure	135	25
Repairs and maintenance	130	146
Security	19	41
Valuation Fees	7	3
Other Operating Costs	740	626

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 2001: nil).

13. AUDITORS' REMUNERATION

	2002 \$000	2001 \$000
Audit New Zealand - audit services	2	2
Audit New Zealand - other services		
	<u>2</u>	<u>2</u>