

PRINGLE HOUSE LIMITED
HALF YEAR REPORT AND FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

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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 half year report and unaudited Financial Statements for the period ended 31 December 1999.

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 Dee-99 \$000	Full Year to Jun-99 \$000
Net surplus (deficit) after tax for the period.	281	(162)
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

For and on behalf of the Board

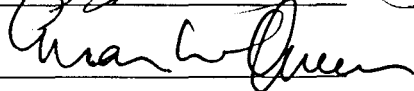
Director



Date:

29/2/00

Director



Date:

29/2/00

PRINGLE HOUSE LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

	Note	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
REVENUE			
Rents income		610	1,199
Interest income		1	6
Other Income			181
TOTAL OPERATING REVENUE		<u>611</u>	<u>1,386</u>
EXPENSES			
Audit fees	13	(2)	2
Depreciation		26	66
Legal fees		1	4
Management fees		79	113
Other expenses		6	3
Professional fees		18	6
Operating costs	11	202	526
Write down in value of investment properties	4		430
TOTAL EXPENSES		<u>330</u>	<u>1,150</u>
NET OPERATING SURPLUS		<u>281</u>	<u>235</u>
Subvention payment	2		397
NET SURPLUS (DEFICIT) BEFORE TAXATION		<u>281</u>	<u>(162)</u>
Taxation expense	2		
NET SURPLUS (DEFICIT) FOR THE YEAR		<u><u>281</u></u>	<u><u>(162)</u></u>

PRINGLE HOUSE LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

	Note	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
EQUITY AT START OF THE YEAR		5,579	5,741
Net surplus (deficit) for the year		281	(162)
Total recognised revenues and expenses for the year		<u>281</u>	<u>(162)</u>
EQUITY AT END OF THE YEAR		<u><u>5,860</u></u>	<u><u>5,579</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 1999 (UNAUDITED)

	Note	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
EQUITY			
Ordinary share capital	3	14,666	14,666
Redeemable preference shares	3	9,375	9,375
Accumulated deficit		(18,181)	(18,462)
TOTAL EQUITY		5,860	5,579
Represented by:			
NON CURRENT ASSETS			
Investment properties	4	7,370	7,370
Fixed assets	5	233	259
TOTAL NON CURRENT ASSETS		7,603	7,629
CURRENT ASSETS			
Bank & short term deposits		8	8
Debtors		7	
Current account - Wellington Regional Council	8	207	
TOTAL CURRENT ASSETS		221	8
TOTAL ASSETS		7,824	7,637
CURRENT LIABILITIES			
Creditors		59	124
Current account - Wellington Regional Council	8		29
Current account - WRC Holdings Limited	8	1,800	1,800
Provision for maintenance		105	105
TOTAL CURRENT LIABILITIES		1,964	2,058
NET ASSETS		5,860	5,579

For and on behalf of the Board

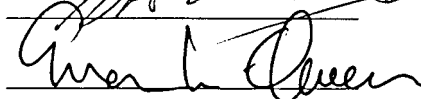
Director



Date:

29/2/00

Director



Date:

29/2/00

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 1999 (UNAUDITED)

	Note	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
Cash flow from operating activities			
Cash was provided from:			
Other Income		-	180
Cash was applied to:			
Subvention payment to Wellington Regional Council			(619)
Movement in current account -Wellington Regional Council			
Net cash flows from operating activities	9	-	(439)
Cash flow from financing activities			
Cash was provided from:			
Part repayment of loan from Wellington Regional Council			
Movement in current account -Wellington Regional Council			440
Cash was applied to:			
Payment of loan to WRC Holdings Ltd			
Movement in current account -Port Investments Ltd		-	-
Net cash flow from financing activities		-	440
Net increase (decrease) in cash held			1
Add opening cash brought forward		8	7
Closing cash carried forward		8	8

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 1999 (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 have been prepared in accordance with FRS-24 (Interim Financial Statements) and should be read in conjunction with the company's 1999 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.

REVENUE RECOGNITION

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

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 investment property revaluation reserve. Where this results in a debit balance in the reserve, this balance is expensed in 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) 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.

CHANGES IN ACCOUNTING POLICIES

There have been no material changes in accounting policies from those adopted in the last audited financial statements.

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

2. TAXATION

	Half Year to Dee-99 \$000	Full Year to Jun-99 \$000
Net surplus (deficit) before taxation	<u>281</u>	<u>(162)</u>
Prima facie tax expense @ 33%		(53)
Adjusted for permanent differences		
Non-deductible expenditure		143
Non-assessable income		(60)
Deferred tax movement on provisions not recognised		(46)
Additional tax depreciation		<u>16</u>
Taxation expense	<u><u>-</u></u>	<u><u>-</u></u>

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.

The 1999 financial statements include a subvention payment of \$397,441 for utilisation by Pringle House Limited of losses incurred by the Wellington Regional Council in the 1999 year.

Deferred Taxation

No deferred tax (1999 liability of \$0.05m) 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 (1999 \$0.08m) attributable to the provision for maintenance have been recognised.

Imputation Credit Account

	Half Year to Dee-99 \$000	Full Year to Jun-99 \$000
Opening balance	4	5
Prior Year Adjustment		(1)
Payments		
Closing balance	<u><u>4</u></u>	<u><u>4</u></u>

3. SHARE CAPITAL & REDEEMABLE PREFERENCE SHARES

	Half Year to Dee-99 \$	Full Year to Jun-99 \$
Ordinary Share Capital		
Authorised and issued Capital 14,666,100 \$1 fully paid ordinary shares	<u><u>14,666</u></u>	<u><u>14,666</u></u>

Redeemable Preference Shares

\$1 fully paid redeemable preference shares. Redemption date and dividend payable on these shares is determined by the Directors.

	<u><u>9,375</u></u>	<u><u>9,375</u></u>
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PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

4. INVESTMENT PROPERTIES	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
Opening balance	7,370	7,800
Current year's revaluation (devaluation)		(430)
Closing balance	7,370	7,370

Investment properties representing the Regional Council Centre at 142-146 Waketield Street, Wellington were valued as at 30 June 1999 by Richard Ellis (Wellington) Limited.

5. FIXED ASSETS	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
Furniture & fittings at cost	1,715	1,715
Accumulated depreciation	(1,555)	(1,537)
Net book value	161	178
Other assets at cost	777	777
Accumulated depreciation	(704)	(696)
Net book value	73	81
Total fixed assets at cost	2,493	2,493
Accumulated depreciation	(2,259)	(2,233)
Fixed assets net book value	233	259

6. CONTINGENT LIABILITIES

The contingent Liabilities of the company at 31 December 1999 were nil (30 June 1999: nil)

7. CONTINGENT ASSET

The contingent assets of the company at 31 December 1999 were nil (30 June 1999: nil)

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (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 1999 the company had on issue **9,375,000** Redeemable Preference Shares to its parent company, WRC Holdings Limited. These shares are redeemable at Directors discretion subject to one month's notice.

At 31 December 1999 the Wellington Regional Council had \$nil on advance to the company (30June 1999; \$29,000) Interest is payable on such advances, however these advances have no fixed repayment term.

At 31 December 1999 the company had advanced the Wellington Regional Council \$207,000 (30June 1999; \$Nil) Interest is payable on such advances, these advances have no **fixed** repayment term.

The company 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 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-99 \$000	Full Year to Jun-99 \$000
Net surplus (deficit) after taxation	281	(162)
Add back non cash items:		
Depreciation	26	66
Write down of buildings		430
Add (less) movement in working capital:		
Increase (decrease) in creditors	(65)	(176)
Increase (decrease) in Debtors	(7)	
Increase (decrease) in current account - WRC Holdings Limited		-
Increase (decrease) in current account - Port Investments Limited		
(Increase) decrease in current account - Wellington Regional Council	(235)	(158)
Add (less) items classified as financing activities:		
Decrease in WRCH Ltd current account relating to financing activities	-	
Decrease in PIL current account relating to financing activities		
Decrease in WRC current account relating to financing activities		(439)
Net cash flow from operating activities		(439)

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (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 Dee-99 \$000	Full Year to Jun-99 \$000
Cleaning	10	26
Insurance	26	61
Miscellaneous	2	6
Power	13	62
Rates	86	169
Repairs & maintenance	37	177
Security	27	25
Operating Costs	202	526

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

	Half Year to Dee-99 \$000	Full Year to Jun-99 \$000
Fees to auditors for audit of financial statements	(2)	2
Fees to auditors for other services	(2)	2
	(2)	2