

**PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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**PRINGLE HOUSE LIMITED
DIRECTORY
FOR THE YEAR ENDED 30 JUNE 2007**

Directors

I M Buchanan
Hon M K Shields
T J McDavitt
F R Long
A Blackburn
P Blades

Registered Office

142-146 Wakefield Street
Wellington

Auditors

Audit New Zealand
on behalf of the Auditor-General

Solicitors

Chapman Tripp

Bankers

ANZ National Bank Ltd

**PRINGLE HOUSE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

The Directors have pleasure in submitting their 2007 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 Greater Wellington Regional Council's main office located at 142 Wakefield Street, Wellington (known as the Regional Council Centre), on a cost effective basis.

Results and Distributions	2007	2006
	\$000	\$000
Net surplus after tax for the financial year	2,728	2,389
Dividend distribution	100	281

Disclosure of Interests by Directors

I M Buchanan
Chairperson of Greater Wellington Regional Council

Hon M K Shields
Immediate past Chairperson and current Councillor of Greater Wellington Regional Council

T J McDavitt
Deputy Chairperson of Greater Wellington Regional Council

F R Long
Councillor of Greater Wellington Regional Council

A Blackburn
None

P Blades
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 Ltd, has arranged insurance to indemnify the Directors from any liability resulting from any act or omission in their capacity as Directors.

**PRINGLE HOUSE LIMITED
DIRECTORS' REMUNERATION
FOR THE YEAR ENDED 30 JUNE 2007**

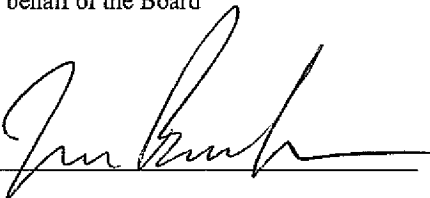
Details of Directors' remuneration are as follows:

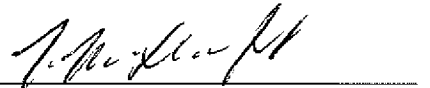
	\$
I M Buchanan	Nil
Hon M K Shields	Nil
T J McDavitt	Nil
F R Long	Nil
A Blackburn	4,500
P Blades	4,500

Auditor

The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Rudie Tomlinson of Audit New Zealand to undertake the audit.

For and on behalf of the Board

Director  September 21, 2007

Director  September 21, 2007



PRINGLE HOUSE LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$000	2006 \$000
OPERATING REVENUE			
Rental income		1,412	1,390
Interest income		71	79
Other income		-	-
TOTAL OPERATING REVENUE		<u>1,483</u>	<u>1,469</u>
EXPENSES			
Audit fees	13	4	3
Depreciation	5	27	27
Directors fees	8	9	9
Other operating expenditure	11	662	778
TOTAL EXPENSES		<u>702</u>	<u>817</u>
NET OPERATING SURPLUS		781	652
Increase in the value of Developed Investment Property	4	3,300	3,200
Subvention payment		(601)	(519)
NET SURPLUS / (DEFICIT) BEFORE TAXATION		<u>3,480</u>	<u>3,333</u>
Taxation	2	752	944
NET SURPLUS FOR THE YEAR		<u>2,728</u>	<u>2,389</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Share Capital	Retained Earnings	Total Attributable to equity holders
	\$000	\$000	\$000
Balance as at 1 July 2006	24,041	(14,462)	9,579
Net Surplus / (Deficit) for the year		2,728	2,728
Distributions to owners during the year		(100)	(100)
Balance as at 30 June 2007	<u>24,041</u>	<u>(11,834)</u>	<u>12,207</u>

FOR THE YEAR ENDED 30 JUNE 2006

	Share Capital	Retained Earnings	Total Attributable to equity holders
Balance as at 1 July 2005	24,041	(16,570)	7,471
Net Surplus / (Deficit) for the year		2,389	2,389
Distributions to owners during the year		(281)	(281)
Balance as at 30 June 2006	<u>24,041</u>	<u>(14,462)</u>	<u>9,579</u>

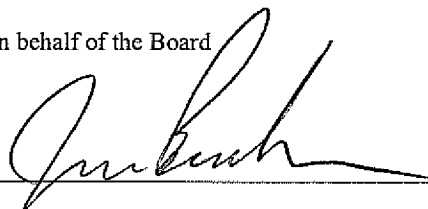
The accompanying notes and accounting policies form part of these financial statements.

PRINGLE HOUSE LIMITED
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007 \$000	2006 \$000
EQUITY			
Ordinary share capital	3	14,666	14,666
Redeemable preference shares	3	9,375	9,375
Retained Earnings			
Operating surplus / deficit		(4,634)	(3,961)
Investment Property Reserve		(7,200)	(10,500)
Total Retained Earnings		<u>(11,834)</u>	<u>(14,461)</u>
TOTAL EQUITY		<u><u>12,207</u></u>	<u><u>9,580</u></u>
Represented by:			
CURRENT ASSETS			
Bank and short term deposits		1	1
Receivables		13	10
Current account - Greater Wellington Regional Council	8	639	941
TOTAL CURRENT ASSETS		<u>653</u>	<u>952</u>
NON CURRENT ASSETS			
Investment properties	4	15,300	12,000
Property plant and equipment	5	394	36
TOTAL NON CURRENT ASSETS		<u>15,694</u>	<u>12,036</u>
TOTAL ASSETS		<u><u>16,347</u></u>	<u><u>12,988</u></u>
CURRENT LIABILITIES			
Payables		86	58
Dividends payable		100	281
Subvention payable	2	629	519
Current account - WRC Holdings Ltd	8	1,824	1,800
TOTAL CURRENT LIABILITIES		<u>2,639</u>	<u>2,658</u>
NON CURRENT LIABILITIES			
Deferred taxation liability	2	1,501	750
TOTAL NON CURRENT LIABILITIES		<u>1,501</u>	<u>750</u>
TOTAL LIABILITIES		<u>4,140</u>	<u>3,408</u>
NET ASSETS		<u><u>12,207</u></u>	<u><u>9,580</u></u>

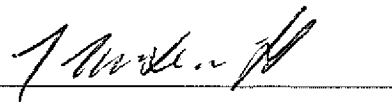
For and on behalf of the Board

Director



September 21, 2007

Director



September 21, 2007

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 2007**

	Note	2007 \$000	2006 \$000
Cash flow from operating activities			
Cash was provided from:			
Other Income		-	-
Cash was applied to:			
		-	-
Net cash flow from operating activities	9	<u>-</u>	<u>-</u>
Cash flow from investing activities			
Purchase of Property, Plant & Equipment		-	(10)
Net cash flow from investing activities		<u>-</u>	<u>(10)</u>
Cash flow from financing activities			
Cash was provided from:			
Movement in current account - Greater Wellington Regional Council		281	111
Cash was applied to:			
Dividend paid to WRC Holdings Ltd		(281)	(101)
Net cash flow from financing activities		<u>-</u>	<u>10</u>
Net increase (decrease) in cash held		<u>-</u>	<u>-</u>
Add opening cash and cash equivalents brought forward		<u>1</u>	<u>1</u>
Closing cash carried forward		<u><u>1</u></u>	<u><u>1</u></u>

Most transactions for the Company were transacted through the intercompany current account with Greater Wellington Regional Council, not the company's bank account. As such there are very few movements in the cash flow statement.

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 2007**

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Pringle House Ltd is registered under the Companies Act 1993 and is a wholly owned subsidiary of WRC Holdings Ltd, which in turn is a wholly owned subsidiary of Greater Wellington Regional Council.

For the purposes of financial reporting the company is designated as a profit-oriented entity.

STATEMENT OF COMPLIANCE

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 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for profit oriented entities.

MEASUREMENT BASE

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

ACCOUNTING POLICIES

The Company has changed its accounting policies to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1: First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards, with 1 July 2005 as the date of transition. An explanation of how the transition from superseded policies to NZ IFRS has affected the Company and Company's financial position, financial performance and cash flows is discussed in note 14.

The following accounting policies which materially affect the financial statements have been consistently 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 based on each property's highest and best use. A decrease or increase in value is recognised in the income statement.

Investment properties are not depreciated.

(b) Property Plant and Equipment

Property Plant and Equipment are recorded at historical cost.

Capital work in progress is calculated on the percentage work completed basis.

(c) Depreciation

Depreciation is provided on a straight line basis on all tangible property, plant and equipment other than capital works in progress, at rates which, will write off assets, less their estimated residual value, over their remaining useful lives.

The useful lives of major classes of assets have been estimated as follows:

Operational plant and equipment	2 to 20 years
Other Assets	0 to 20 years

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

(d) Income Taxation

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when the Company has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(e) Goods and Services Tax (GST)

The company is part of the Wellington Regional Council GST Group. All items in the financial statements are exclusive of GST.

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 balance sheet. Revenue and expense in relation to financial instruments are recognised in the income statement.

(g) Revenue Recognition

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

(h) Changes in Accounting Policies

There have been no changes from the accounting policies adopted in the last audited financial statements, other than those required under NZ IFRS as detailed in note 14.

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2. TAXATION

	2007 \$000	2006 \$000
(a) Income tax recognised in profit or loss		
Tax expense / (income) comprises:		
Current tax expense / (income)	-	-
Adjustments recognised in the current period in relation to the current tax of prior periods	-	-
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	902	944
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	-	-
Impact of the change in corporate tax rate	(150)	-
Total tax expense / (benefit)	<u>752</u>	<u>944</u>

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

(Profit) / loss from operations	(3,480)	(3,333)
Income tax expense / (benefit) calculated at 33%	1,150	1,100
Tax effect of:		
Non-deductible expenses	4	-
Non-assessable income (Investment Property Revaluation)	(1,089)	(1,056)
Deferred tax on property revaluation	824	900
Impact of the change in the corporate tax rate	(150)	-
	<u>739</u>	<u>944</u>
(Over) / under provision of income tax in previous period	13	-
	<u>752</u>	<u>944</u>

The tax rate used in the above reconciliation is the corporate tax rate of 33% payable by New Zealand corporate entities on taxable profits under New Zealand tax law. Although for the current period there has been no change in the corporate tax rate when compared with the previous reporting period, from 1 July 2008 the Company will be subject to tax at the recently enacted rate of 30%.

(b) Deferred tax balances

Deferred tax assets comprise:

Tax losses	-	-
Temporary differences	139	183
Other	-	-
	<u>139</u>	<u>183</u>

Deferred tax liabilities comprise:

Temporary differences	1,640	933
	<u>1,640</u>	<u>933</u>

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PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2. TAXATION - continued

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

30 June 2007	Opening balance \$000's	Charged to income \$000's	Charged to equity \$000's	Closing balance \$000's
Property, plant and equipment	183	(44)	-	139
Investment property	(933)	(707)	-	(1,640)
	<u>(750)</u>	<u>(751)</u>	-	<u>(1,501)</u>

30 June 2006	Opening balance \$000's	Charged to income \$000's	Charged to equity \$000's	Closing balance \$000's
Property, plant and equipment	191	(8)	-	183
Investment property	3	(936)	-	(933)
	<u>194</u>	<u>(944)</u>	-	<u>(750)</u>

As a result of the change in the corporate tax rate, the company's deferred tax liability as at 30 June 2007 is reported using a 30% tax rate. The impact of the change in tax rate was to reduce the company's 30 June 2007 deferred tax liability by \$150,115.

(c) Subvention payments

The 2007 financial statements include provision for a subvention payment of \$628,634 (2006: \$519,257) to be made by Pringle House Limited for utilisation of a net loss of Greater Wellington Regional Council.

(d) Imputation credit account balances

	2007 \$000's	2006 \$000's
Balance at beginning of the period	-	4
Attached to dividends received	-	-
Taxation paid	-	-
Attached to dividends paid	-	(4)
Balance at end of the period	<u>-</u>	<u>-</u>

3. SHARE CAPITAL AND REDEEMABLE PREFERENCE SHARES

	2007 \$000	2006 \$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. The redemption date and dividend payable on these shares is determined by the Directors.	<u>9,375</u>	<u>9,375</u>

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

4. INVESTMENT PROPERTIES	2007	2006
	\$000	\$000
Opening balance	12,000	8,800
Current year's revaluation	3,300	3,200
Closing balance	15,300	12,000

The investment property is the Regional Council Centre at 142-146 Wakefield Street, Wellington. On 30 June 2007, CB Richard Ellis Limited valued the building.

5. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment	Other Assets	Total
Cost	\$000	\$000	\$000
Balance at 1 July 2006	1,715	788	2,503
Additions	74	311	385
Balance at 30 June 2007	1,789	1,099	2,888
Accumulated Depreciation and impairment			
Balance at 1 July 2006	1,696	771	2,467
Depreciation expense	18	9	27
Balance at 30 June 2007	1,714	780	2,494
Net Book Value at 30 June 2007	75	319	394

	Plant & equipment	Other Assets	Total
Cost	\$000	\$000	\$000
Balance at 1 July 2005	1,715	778	2,493
Additions	-	10	10
Balance at 30 June 2006	1,715	788	2,503
Accumulated Depreciation and impairment			
Balance at 1 July 2005	1,678	762	2,440
Depreciation expense	18	9	27
Balance at 30 June 2006	1,696	771	2,467
Net Book Value at 30 June 2006	19	17	36

6. CONTINGENT LIABILITIES

The contingent liabilities of the company at 30 June 2007 were nil (30 June 2006: nil)

7. CONTINGENT ASSETS

The contingent assets of the company at 30 June 2007 were nil (30 June 2006: nil)

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

8. RELATED PARTY DISCLOSURES

Approximately 86% of the building owned by the company is leased to the company's ultimate shareholder, Greater Wellington Regional Council, on commercial terms.

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

At 30 June 2007, the company had on issue 9,375,000 redeemable preference shares to its parent company, WRC Holdings Ltd. These shares are redeemable at either the Director's discretion subject to one month's notice.

At 30 June 2007, the company had advanced Greater Wellington Regional Council \$639,000 (30 June 2006: \$941,000). The interest rate charged on the advance as at 30 June 2007 was 8.18% p.a. (30 June 2006 7.41%). The advance does not have any fixed repayment term.

At 30 June 2007, the company had borrowed \$1.824 million (30 June 2006: \$1.8 million) from WRC Holdings Ltd interest free, with no fixed repayment terms. However, WRC Holdings Ltd may draw down the loan at any time. As such the loan is considered current and repayable within 12 months.

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

Directors fees:

The Hon M K Shields, Messrs I M Buchanan, T J McDavitt and F R Long, received a salary from Greater Wellington Regional Council in accordance with the Local Government Elected Members Determination of 2006 and any out-of-pocket expenses incurred as set in Greater Wellington Regional Council's policy on elected members' allowances and expenses.

Other Directors' remuneration paid during the year

	\$
A Blackburn	4,500
P Blades	4,500
	<u>9,000</u>



PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

	2007	2006
	\$000	\$000
Net surplus after taxation	2,728	2,389
Add back non cash items:		
Depreciation	27	27
Write up of investment properties	(3,300)	(3,200)
Deferred taxation liability	750	944
Add / (less) movement in working capital:		
(Increase) / decrease in debtors	(3)	6
(Increase) / decrease in current account - Greater Wellington Regional Council	326	(105)
Increase / (decrease) in payables	(43)	230
Add / (less) items classified as financing activities:		
Accounts Payable related to Property, Plant & Equipment	(385)	-
Decrease in provision for dividends relating to financing activities	181	(180)
Decrease in Greater Wellington Regional Council current account relating to financing activities	(281)	(111)
Net cash flows from operating activities	<u>-</u>	<u>-</u>

10. KEY PERFORMANCE TARGETS - Statement of Intent

Key performance targets are set for the WRC Holdings Group as a whole and are reported on in the WRC Holdings Ltd 2007 Annual Report and Financial Statements.

11. OTHER OPERATING EXPENDITURE

	2007	2006
	\$000	\$000
Cleaning	42	41
Insurance	103	137
Legal fees	11	-
Management fees	116	116
Miscellaneous	2	2
Power	29	35
Professional fees	13	9
Property management fees	71	86
Rates	105	161
Refurbishment expenditure	4	59
New developments (including associated legal fees)	13	26
Repairs and maintenance	127	95
Security	11	9
Valuation fees	15	2
Other operating expenditure	<u>662</u>	<u>778</u>

12. CONTRACTUAL COMMITMENTS

Estimated contractual commitments at balance date but not provided for, was \$514,000 (30 June 2006:\$7,000).

13. AUDITORS' REMUNERATION

	2007	2006
	\$000	\$000
Audit New Zealand - audit services	4	3
Audit New Zealand - IFRS audit*	5	-
	<u>9</u>	<u>3</u>

* The fee to Audit New Zealand for auditing the Company's IFRS opening balance sheet and comparatives has been accounted for in Greater Wellington Regional Council.

PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 14

Adoption of International Financial Reporting Standards

The Company changed its accounting policies on 1 July 2006 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1: First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards, with 1 July 2005 as the date of transition.

An explanation of how the transition from previous NZ GAAP policies to NZ IFRS has affected the Company's financial position, financial performance and cashflows is set out in the following table and the notes that accompany the tables.

Effect of NZ IFRS on the Balance Sheet as at 1 July 2005:

	Note	Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000
EQUITY				
Issued and Paid up Capital		14,666	-	14,666
Redeemable preference shares		9,375	-	9,375
Retained Earnings				
Operating surplus / deficit		(16,918)	14,048	(2,870)
Investment Property Reserve	b	-	(13,700)	(13,700)
Total retained earnings	b	(16,918)	348	(16,570)
Total Equity		7,123	348	7,471
Current Assets				
Cash and cash equivalents		-	-	-
Receivables and Prepayments		17	-	17
Current account - Greater Wellington Regional Council		836	-	836
Total Current Assets		853		853
Non Current Assets				
Property, Plant & Equipment		53	-	53
Investment Properties	c	8,646	154	8,800
Deferred tax	a	-	194	194
Total Non Current Assets		8,699	348	9,047
TOTAL ASSETS		9,552	348	9,900
Current Liabilities				
Creditors		56	-	56
Dividend Payable		101	-	101
Current account - WRC Holdings Ltd		1,800	-	1,800
Provision for subvention		472	-	472
Total Current Liabilities		2,429		2,429
Non-Current Liabilities				
Deferred tax		-	-	-
Total Non-Current Liabilities		-	-	-
TOTAL LIABILITIES		2,429		2,429
NET ASSETS		7,123	348	7,471

PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Effect of NZ IFRS on the Income Statement for the year ended 30 June 2006:

	Note	Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000
Operating Revenue				
Rental Income		1,390	-	1,390
Interest Income		79	-	79
Other Income	d	122	(122)	-
Total Revenue		1,591	(122)	1,469
Operating Expenses	d	(939)	122	(817)
TRADING SURPLUS		652	-	652
Unrealised net change in the value of Developed Investment Property	c	3,174	26	3,200
Subvention payment		(519)	-	(519)
OPERATING SURPLUS BEFORE INCOME		3,307	26	3,333
Income Taxation	a	148	-	148
Deferred tax	a	(898)	(194)	(1,092)
Total taxation for year		(750)	(194)	(944)
NET SURPLUS FOR THE YEAR		<u>2,557</u>	<u>(168)</u>	<u>2,389</u>

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PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Effect on the Balance Sheet as at 30 June 2006:

	Note	Previous NZ GAAP \$000	Effect of transition to NZ IFRS \$000	NZ IFRS \$000
EQUITY				
Issued and Paid up Capital		14,666	-	14,666
Redeemable preference shares		9,375	-	9,375
Retained Earnings				
Operating surplus / deficit		(14,642)	10,680	(3,962)
Investment Property Reserve	b	-	(10,500)	(10,500)
Total Retained Earnings	b	(14,642)	180	(14,462)
Total Equity		9,399	180	9,579
Current Assets				
Cash and Cash equivalents		1	-	1
Receivables and Prepayments		10	-	10
Current account - Greater Wellington Regional Council		941	-	941
Total Current Assets		952		952
Non Current Assets				
Property, Plant & Equipment		36	-	36
Investment Properties	c	11,820	180	12,000
Deferred tax		-	-	-
Total Non Current Assets		11,856	180	12,036
TOTAL ASSETS		12,808	180	12,988
Current Liabilities				
Creditors		59	-	59
Dividend Payable		281	-	281
Current account - WRC Holdings Ltd		1,800	-	1,800
Provision for subvention		519	-	519
Total Current Liabilities		2,659		2,659
Non-Current Liabilities				
Deferred tax		750	-	750
Total Non-Current Liabilities		750		750
TOTAL LIABILITIES		3,409		3,409
NET ASSETS		9,399	180	9,579

PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Effect of NZ IFRS on the cash flow statement for the financial year ended 30 June 2006

There are no material differences between the cash flow statement presented under NZ IFRS and the cash flow statement presented under previous NZ GAAP.

Notes to the reconciliations of income and equity

a) Income tax

Under previous NZ GAAP policies, the Company adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under NZ IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

The effect of the above adjustments on the deferred tax balances are as follows:

	2006 000s
Deferred tax not recognised under NZ GAAP	194
Deferred tax now recognised under IFRS	194
Net increase in deferred tax asset	194
Net decrease in deferred tax liability	-

There was no effect on consolidated profit for the financial year ended 30 June 2006 as there was no increase or decrease on previously reported income tax expense.

b) Retained earnings

The effect of the above adjustments on retained earnings is as follows:

	30 June 2005 000s	30 June 2006 000s	Total 000s
Adjustment to tax balances	194	(194)	-
Add back disposal costs	154	26	180
Total adjustment to retained earnings attributable to shareholders	348	(168)	180
Investment property reserve within retained earnings	13,700	10,500	10,500
This reserve is the portion of retained earnings that relates to movements in the value of investment property.			
	14,048	10,332	10,680

Total movement in retained earnings

c) Investment Properties

Investment properties are to be measured at fair value not net current value under NZ IFRS. This results in the disposal costs as measured in net current value to be added back under NZ IFRS.

d) Reclassification of operating revenue and expenditure

Recovery of energy costs have been reclassified from other income to energy expenditure.

**PRINGLE HOUSE LIMITED
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2007**

Compliance

The Directors and management of Pringle House Limited confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

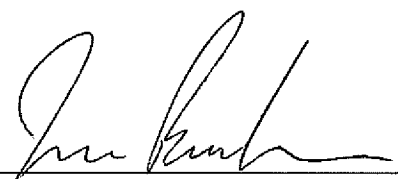
Responsibility

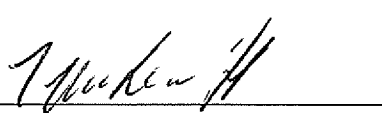
The Directors and management of Pringle House Limited accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

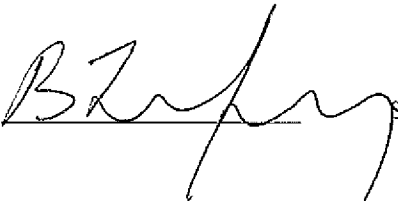
The Directors have authority to sign these financial statements.

The Directors and management of Pringle House Limited accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Directors and management of Pringle House Limited, the annual Financial Statements for the year ended 30 June 2007 fairly reflect the financial position and operations of Pringle House Limited.

Director  September 21, 2007

Director  September 21, 2007

Chief Financial Officer  September 21, 2007



AUDIT REPORT
TO THE READERS OF
PRINGLE HOUSE LIMITED'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Pringle House Limited (the company). The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company, on his behalf, for the year ended 30 June 2007.

Unqualified opinion

In our opinion:

- The financial statements of the company on pages 5 to 18:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the company's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on page 14 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2007.
- Based on our examination the company kept proper accounting records.

The audit was completed on 21 September 2007, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had

found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company as at 30 June 2007. They must also give a true and fair view of the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2007. The Board responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the company.

A handwritten signature in black ink, appearing to read 'R.L. Tomlinson', with a long horizontal flourish extending to the right.

R.L. Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand