PRINGLE HOUSE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Contents

PRINGLE HOUSE LIMITED
DIRECTORY
FOR THE YEAR ENDED 30 JUNE 2008

Directors	Appointed
F H Wilde (Chair)	20-Nov-2008
A Blackburn	3-Aug-2006
P Blades	3-Aug-2006
I M Buchanan	3-Aug-2006
J B Burke	14-Nov-2008
P E Glensor	14-Nov-2008
	Resigned
F R Long	14-Nov-2008
T McDavit	14-Nov-2008
Hon M K Shields	14-Nov-2008

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 2008

The Directors have pleasure in submitting their 2008 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	**2008** **$000**	**2007** **$000**
Net surplus after tax for the financial year	223	2,728
Dividend distribution	173	100

H Wilde (Chair)
Chair of Greater Wellington Regional Council

A Blackburn
None

P Blades
None

I M Buchanan
Immediate past Chair and current Councillor of Greater Wellington Regional Council

J B Burke
Councillor of Greater Wellington Regional Council

P E Glensor
Councillor of Greater 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 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 2008

Details of Directors' remuneration are as follows:

	$
F H Wilde (Chair)	-
A Blackburn	4,625
P Blades	4,625
I M Buchanan	-
J B Burke	-
P E Glensor	-

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 Andy Burns of Audit New Zealand to undertake the audit.

For and on behalf of the Board

Director ____________________ September 17, 2008

Director ____________________ September 17, 2008

PRINGLE HOUSE LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 $000	2007 $000
OPERATING REVENUE			
Rental income		1,826	1,412
Interest income		42	71
TOTAL OPERATING REVENUE		1,868	1,483
EXPENSES			
Audit fees	13	4	4
Depreciation	5	-	27
Directors fees	8	9	9
Other operating expenditure	11	649	662
TOTAL EXPENSES		662	702
NET OPERATING SURPLUS		1,206	781
Increase (Decrease) in the value of Developed Investment Property	4	(286)	3,300
Net Surplus (Deficit) before Subvention		920	4,081
Subvention payment		(1,031)	(601)
NET SURPLUS / (DEFICIT) BEFORE TAXATION		(111)	3,480
Taxation	2	(334)	752
NET SURPLUS FOR THE YEAR		223	2,728

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Share Capital $000	Retained Earnings $000	Total Attributable to equity holders $000
Balance as at 1 July 2007	24,041	(11,834)	12,207
Net Surplus / (Deficit) for the year		223	223
Distributions to owners during the year		(173)	(173)
Balance as at 30 June 2008	**24,041**	**(11,784)**	**12,257**

FOR THE YEAR ENDED 30 JUNE 2007

	Share Capital	Retained Earnings	Total Attributable to equity holders
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	**24,041**	**(11,834)**	**12,207**

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

PRINGLE HOUSE LIMITED
BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 $000	2007 $000
EQUITY			
Ordinary share capital	3	14,666	14,666
Redeemable preference shares	3	9,375	9,375
Retained Earnings			
Operating surplus / (deficit)		(4,299)	(4,634)
Investment property reserve		(7,485)	(7,200)
Total Retained Earnings		(11,784)	(11,834)
TOTAL EQUITY		12,257	12,207
Represented by:			
CURRENT ASSETS			
Bank and short term deposits		1	1
Receivables		12	13
Current account - Greater Wellington Regional Council	8	648	639
TOTAL CURRENT ASSETS		661	653
NON CURRENT ASSETS			
Investment properties	4	16,000	15,300
Property plant and equipment	5	-	394
TOTAL NON CURRENT ASSETS		16,000	15,694
TOTAL ASSETS		16,661	16,347
CURRENT LIABILITIES			
Payables		208	86
Dividends payable		173	100
Subvention payable	2	1,031	629
Current account - WRC Holdings Ltd	8	1,824	1,824
TOTAL CURRENT LIABILITIES		3,236	2,639
NON CURRENT LIABILITIES			
Deferred taxation liability	2	1,168	1,501
TOTAL NON CURRENT LIABILITIES		1,168	1,501
TOTAL LIABILITIES		4,404	4,140
NET ASSETS		12,257	12,207

For and on behalf of the Board

Director ________________ September 17, 2008

Director ________________ September 17, 2008

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 2008

	Note	2008 $000	2007 $000
Cash flow from operating activities			
Cash was provided from:			
Other Income		-	-
Cash was applied to:			
		-	-
Net cash flow from operating activities	9	-	-
Cash flow from investing activities			
Purchase of Property, Plant & Equipment		-	-
Net cash flow from investing activities		-	-
Cash flow from financing activities			
Cash was provided from:			
Movement in current account - Greater Wellington Regional Council		100	281
Cash was applied to:			
Dividend paid to WRC Holdings Ltd		(100)	(281)
Net cash flow from financing activities		-	-
Net increase (decrease) in cash held		-	-
Add opening cash and cash equivalents brought forward		1	1
Closing cash carried forward		**1**	**1**

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 2008

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Comapny 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 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 forms part of the building as such is not depreciated but revalued annually , see note above on Investment Properties.

(c) Depreciation
Assets are no longer depreciated but revalued annually, see note above on Investment Properties.

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

(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.

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2. TAXATION

	2008 $000	2007 $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	(366)	902
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	33	(150)
Total tax expense / (benefit)	(333)	752

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:

	2008 $000	2007 $000
(Surplus) / Deficit from operations	(920)	(3,480)
Income tax expense / (benefit) calculated at 33%	304	1,150
Tax effect of:		
Non-deductible expenses		4
Non-assessable income (Investment Property Revaluation)	(330)	(1,089)
Deferred tax on property revaluation	(340)	824
Impact of the change in the corporate tax rate	33	(150)
	(333)	739
(Over) / under provision of income tax in previous period		13
	(333)	752

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 a rate of 30%.

	2008 $000	2007 $000
(b) Deferred tax balances		
Deferred tax assets comprise:		
Tax losses	-	-
Temporary differences	240	139
Other	-	-
	240	139
Deferred tax liabilities comprise:		
Temporary differences	1,408	1,640
	1,408	1,640

2. TAXATION - continued

(b) Deferred tax balances
Taxable and deductible temporary differences arise from the following:

30 June 2008	Opening balance $000's	Charged to income $000's	Charged to equity $000's	Closing balance $000's
Property, plant and equipment	139	101	-	240
Investment property	(1,640)	232	-	(1,408)
	(1,501)	333	-	(1,168)

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)
	(750)	(751)	-	(1,501)

As a result of the change in the corporate tax rate, the company's deferred tax liability as at 30 June 2008 is reported using a 30% tax rate. The impact of the change in tax rate was to reduce the company's 30 June 2008 deferred tax liability by $116,751.

(c) Subvention payments
The 2008 financial statements include provision for a subvention payment of $1,031,000 (2007 $628,634) to be made by the Company for utilisation of a net loss of Greater Wellington Regional Council.

(d) Imputation credit account balances	**2008 $000**	**2007 $000**
Balance at beginning of the period	-	
Attached to dividends received	-	-
Taxation paid	-	-
Attached to dividends paid	-	
Balance at end of the period	-	-

3. SHARE CAPITAL AND REDEEMABLE PREFERENCE SHARES

	2008 $000	**2007 $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. The 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 2008

4. INVESTMENT PROPERTIES

	2008 $000	2007 $000
Opening balance	15,300	12,000
Fixed assets additions during the year	592	
Net book value of fixed assets 1 July 2007	394	
Loss in fair value	(286)	3,300
Closing balance	**16,000**	**15,300**

The investment property is the Regional Council Centre at 142-146 Wakefield Street, Wellington. The building was valued by CB Richard Ellis Limited as at 30 June 2008.

5. PROPERTY, PLANT & EQUIPMENT

Comparatives number from June 2007 are recorded below

	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

No assets were depreciated during the year ended 30 June 2008. All assts are revalued see note 4.

6. CONTINGENT LIABILITIES

The contingent liabilities of the company at 30 June 2008 were nil (2007: nil)

7. CONTINGENT ASSETS

The contingent assets of the company at 30 June 2008 were nil (2007: nil)

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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 2008, the Company had on issue 9,375,000 redeemable preference shares to its parent company, WRC Holdings Ltd. These shares are redeemable at the Director's discretion subject to one month's notice.

At 30 June 2008, the company had advanced Greater Wellington Regional Council $648,000 (2007: $639,000). The interest rate charged on the advance as at 30 June 2008 was 8.60% p.a. (2007 8.18%). The advance does not have any fixed repayment term.

At 30 June 2008, the company had borrowed $1.824 million (2007: $1.824 million) from WRC Holdings Ltd interest free, with no fixed repayment terms. However, WRC Holdings Ltd may draw down the loan or ask for repayment 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:

Messrs F H Wilde, I M Buchanan, J B Burke, and P E Glensor, 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	4,625
P Blades	4,625
	9,250

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

	2008 $000	2007 $000
Net surplus after taxation	**223**	**2,728**
Add back non cash items:		
Depreciation	-	27
Write up of investment properties	#REF!	(3,300)
Deferred taxation liability	(333)	750
Add / (less) movement in working capital:		
(Increase) / decrease in debtors	1	(3)
(Increase) / decrease in current account - Greater Wellington Regional Council	(9)	326
Increase / (decrease) in payables	597	(43)
Add / (less) items classified as financing activities:		
Accounts Payable related to Property, Plant & Equipment	394	(385)
Decrease in provision for dividends relating to financing activities	(73)	181
Decrease in Greater Wellington Regional Council current account relating to financing activities	(100)	(281)
Net cash flows from operating activities	**#REF!**	**-**
	#REF!	

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 2008 Annual Report and Financial Statements.

11. OTHER OPERATING EXPENDITURE

	2008 $000	2007 $000
Cleaning	40	42
Insurance	99	103
Legal fees	-	11
Management fees	113	116
Miscellaneous	4	2
Power	25	29
Professional fees	11	13
Property management fees	72	71
Rates	164	105
Refurbishment expenditure	-	4
New developments (including associated legal fees)		13
Repairs and maintenance	105	127
Security	10	11
Valuation fees	7	15
Other operating expenditure	**650**	**662**

12. CONTRACTUAL COMMITMENTS

1

Estimated contractual commitments at balance date but not provided were $19,000 (30 June 2007:$514,000).

13. AUDITORS' REMUNERATION

	2008 $000	2007 $000
Audit New Zealand - audit services	4	4
	4	**4**

PRINGLE HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

14. FINANCIAL INSTRUMENT RISKS

Market risk
The interest rate risk is limited to the bank account balance.

Fair value interest rate risk
Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to its borrowings.

Cash flow interest rate risk
Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The borrowings at variable interest rate expose the company to variable. interest rate risk. There are currently no financial investments and consequently there is no intertest rate risk.

Currency Risk
The Company is not exposed to currency risk as it has no transactions denominated in foreign currency.

Credit Risk
The credit risk relates to Greater Wellington Regional Council not meeting their obligations which is considered low risk. Credit risk is the risk that a third party will default on its obligation, causing a loss.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Greater Wellington Regional Council provides funds as and when commits fall due and consequently there is no liquidity risk.

13. IMPAIRMENT AND OVERDUE RECEIVABLES
There we no receivables past due and no impairments on receivables.

14. PAYABLES
Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of these approximates their fair value.

PRINGLE HOUSE LIMITED
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2008

Compliance
The Directors and management of the Company 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 the Company 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 the Company 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 the Company, the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations of the Company.

Director ______________________ September 17, 2008

Director ______________________ September 17, 2008

Chief Financial Officer ______________________ September 17, 2008

AUDIT REPORT

TO THE READERS OF PRINGLE HOUSE LTD'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Pringle House Ltd (the company). The Auditor-General has appointed me, A P Burns, 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 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the company on pages 5 to 15:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of:
    - the company's financial position as at 30 June 2008; 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 2008.
- Based on our examination the company kept proper accounting records.

The audit was completed on 17 September 2008, 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 the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company as at 30 June 2008 and 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 2008. The Board of Directors' 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 P Burns
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand