

	1976	1975
Current assets—	\$	\$
Cash on hand and at banks	108,380	141,443
Fixed deposits	150,000	190,000
Short term investments	177,145	480,585
Interest accrued on investments	167,734	171,673
Owing by other trustee savings banks	17,524	2,383
Sundry debtors	11,611	6,645
Taxation refund	22,440
Stationery on hand	46,924	36,905
Total current assets	679,318	1,052,074
Other assets—		
Computer charges at cost .. 26,033		
Less accumulated amounts written off .. 9,023	17,010	18,961
Cheques estimated charge .. 3,500		
Less accumulated amounts written off .. 3,500		2,470
Total other assets	17,010	21,431
Investments—		
Government stock	9,130,392	8,129,789
Local authorities	874,335	851,760
Mortgages	8,555,193	7,175,118
Fixed deposits	686,000	416,000
Personal loans	222,165	..
Less future interest .. 22,075	200,090	164,868
Total investments	19,446,010	16,737,535
Fixed assets—		
Land, buildings and improvements at cost or value	455,255	452,176
Furniture, fittings and equipment at cost	126,343	112,831
.. ..	581,598	565,007
Less accumulated depreciation	112,476	91,877
Total fixed assets	469,122	473,130
	20,611,460	18,284,170

To be read in conjunction with the Statement of Accounting Policies which form part of the Financial Statements.

STATEMENT OF ACCOUNTING POLICIES

GENERAL ACCOUNTING PRINCIPLES

The general accounting principles of the New Zealand Society of Accountants statements, for the measurement and reporting of the financial results and situation on a historical basis, have been followed. Particular accounting policies used which significantly affect the measurement of the Bank's profit and its financial position are set out below.

1. Government stock—

(a) Between 1971 and 1973 several parcels of low yielding Government stock were exchanged for stocks yielding a higher rate of interest. The contracts provide for the stock, with a face value of \$2,817,240, to be resold on various dates, between 1984 and 1986. The contracted selling price will result in a capital loss and this is being amortised on a straight line basis over the period concerned. Up to 31 March 1975, the annual provision was made from the Reserve Fund, in accordance with section 27.1 (6) of the Trustee Savings Bank Act 1948, and shown as a separate item in the balance sheet. A change of policy has been implemented during the year ended 31 March 1976 and the annual provision has been charged against the appropriation account, with the accumulated provision being deducted from the book value of Government stock.

(b) Values of Government stock—

Values of the stocks held at 31 March 1976 were

Cost price ..	\$9,190,455
Face value ..	\$9,200,740
Market value ..	\$7,385,438

2. Interest—

(a) Interest on Investments: Interest on investments and mortgages is brought into revenue during the period in which it is earned, rather than the period during which it is received.

(b) Personal Loans: The policy is to add interest to the full advance at the commencement of the loan, and this amount is brought into revenue during the appropriate financial year by applying the "Rule of 78".

(c) Investment Accounts: Interest accrued on depositors' investment accounts is calculated at the full rate payable and an adjustment, based on past experience of early maturities is then made to acknowledge that some accounts will close before maturity.

3. Depreciation—

(a) Up to 31 March 1975 depreciation was calculated on rates allowable for taxation purposes. For the year ending 31 March 1976, and for subsequent years, depreciation is calculated on a straight line basis. The principal write off periods in use for fixed assets are

Buildings ..	10 to 50 years
Office equipment ..	10 years
Furniture ..	10 years
Vehicles ..	5 years

(b) The net effect of the change in the basis of calculation is to increase the 1976 pretax profit by \$1,658.53.

(c) The Head Office land and buildings were revalued in 1975 and depreciation is written off the buildings on the basis of the new valuation. All other assets are included at cost.

4. Taxation—

The liability for deferred taxation arises from timing differences related to—

(a) Accrued interest.

(b) Depreciation allowances.

The full amount of taxation on the recorded profit is charged against the Revenue Account. The portion of that tax payable during the 1976/77 financial year is shown as a current liability and the balance is included in a provision for future taxation.

5. Computer Equipment—

(a) Landing charges have been capitalised and are being written off on a straight line basis over the term of the lease.

(b) The major part of the equipment used by the data processing department is subject to a lease which expires in March 1979. The annual lease rentals are being charged directly to the revenue account.

6. Stock on hand—

The stock on hand, shown in the balance sheet, represents bulk stationery supplies which have been valued at cost.

7. Contingent liabilities—

There are outstanding letters of credit totalling \$55,000 held by various trading banks to facilitate day to day transactions of our branches.

8. Commitments—

(a) The bank has entered into a contract to purchase a property for \$17,500 for use as a branch office.

(b) The bank has agreed to invest in a registered local authority loan to the extent of \$16,500.

(c) Mortgages approved but not yet advanced total \$379,730.

R. P. ANDREWS, President.

G. I. C. McDouall, General Manager.

AUDITORS' CERTIFICATE

We have examined the records and financial accounts of the Wanganui Savings Bank for the year ended 31 March 1976, as required by section 29 (3) of the Trustee Savings Banks Act 1948.

Our examinations were made in accordance with the general principles of auditing and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying revenue account, appropriation account and balance sheet, together with the statement of accounting policies, present fairly the financial position of the Wanganui Savings Bank at 31 March 1976, and the results of its operations for the year then ended.

CLARKE MENZIES AND CO., Auditors.

Wanganui, 28 April 1976.

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WAIKATO SAVINGS BANK

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1976

	1976	1975
	\$	\$
Interest to depositors—		
On open accounts	1,021,778	979,716
Closed accounts and matured investment accounts	618,652	527,157
Accrued on investment accounts	221,554	178,431
Home layby accounts: suspensory free deposits	1,524	2,123
	1,863,508	1,687,427
Administrative expenses	1,645,324	1,394,380
Trustees' honoraria	5,410	3,498
Depreciation	64,983	48,071
Provision for taxation	151,086	134,918
Net profit—carried down	194,103	181,964
	\$3,924,414	\$3,450,258