

<i>Liabilities—continued</i>				<i>Assets—continued</i>			
	1977	1977	1976		1977	1977	1976
	\$	\$	\$		\$	\$	\$
Provision for taxation ..	66,213		45,763	Office equipment and furni- ture	113,264		88,308
Prepaid	43,435		51,499				
Refund due (5,736)							
Tax payable		22,778			246,389		214,050
Provision for grants ..		15,000	10,000	Depreciation to date ..	73,045		59,281
Provisions for building alter- ations reserve		20,000				173,344	154,769
Premium due on redemption of Government stock ..		16,050	16,050				
Reserve Fund:							
Balance at 31 March 1976 ..	283,768		233,435				
Add balance of appropriation account	49,991		50,333				
		333,759	283,768				
		<u>18,228,862</u>	<u>15,714,644</u>			<u>18,228,862</u>	<u>15,714,644</u>

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1977

	1977	1976		1977	1977	1976
	\$	\$		\$	\$	\$
To interest credited and accrued to depositors ..	603,957	468,527	By Interest:			
To charges and administration expenses	471,576	367,590	New Zealand Government stock ..	416,668		367,448
To depreciation	13,764	11,822	Local authorities	97,383		83,304
To provision for building alteration reserves ..	20,000		Fixed deposits	133,583		74,079
To provision for taxation	66,213	45,763	Mortgages	548,194		403,815
To net profit to profit and loss appropriation account	62,664	57,669	Personal loans	12,068		6,335
			Total investment income		1,207,896	934,981
			By Commission, brokerage, etc. ..		29,090	15,202
			By rents received		1,188	1,188
		<u>1,238,174</u>	<u>951,371</u>		<u>1,238,174</u>	<u>951,371</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR YEAR ENDED 31 MARCH 1977

	\$	\$		\$	\$	
To provision for grants	15,000	10,000	By balance of funds appropriated for Grants 1975 not distributed		50	
To balance to reserve fund	49,991	50,333	By refund of income tax	2,327	2,614	
			By net profit from profit and loss account ..	62,664	57,669	
		<u>64,991</u>	<u>60,333</u>		<u>64,991</u>	<u>60,333</u>

G. S. RAYMOND, President.
D. R. PARKER, General Manager.

AUDITORS' REPORT

We have examined the balance sheet of the South Canterbury Savings Bank as at 31 March 1977, and the related profit and loss account for the year then ended. Our examination was 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 accordance with an accounting policy of the Bank depreciation on fixed assets has been calculated to reduce cash asset to its estimated residual value by the end of its probable useful life. The rates used are those approved by the Commissioner of Inland Revenue. It is considered that the amount charged in the profit and loss account does not differ materially from that which would result from calculation depreciation on the straight line method.

We have obtained all the information and explanations that we have required and in our opinion, the accompanying balance sheet and the profit and loss account together with the statement of accounting policy and notes attached thereto present fairly the financial position of the South Canterbury Savings Bank at 31 March 1977, and the results of its operations for the year then ended.

Timaru, 23 May 1977.

HUBBARD, CHURCHER & CO., Chartered Accountants.

STATEMENT OF ACCOUNTING POLICY

1. *Accounting principles*—The accounts have been prepared in accordance with general accounting principles, consistent with previous years, based on historical cost, and there have been no changes to accounting policy during the year.

2. *Revenue recognition*—Interest received includes interest accrued to 31 March, 1977.

3. *Personal loans*—Advances by way of personal loans have been adjusted for interest yet to mature as shown in the balance sheet. The policy is to add interest to the full advance at the commencement of the loan. This amount is brought into revenue during the appropriate financial years by applying the "Rule of 78".

4. *Depreciation*—The fixed assets have been depreciated at ordinary depreciation rates as allowed by the Inland Revenue Department. All assets still in use are included in the Bank's books and it is calculated that the depreciation rates being used will write off the items over the period of their useful lives. In accordance with the Bank's established policy, no additional depreciation as provided for by the Inland Revenue Department as special exemptions on the purchase of plant have been claimed for taxation purposes.

5. *Investments*—New Zealand Government stock and local authority securities are shown at face value and are generally held until maturity. The redemption due on maturity in regard to stock purchased under par is shown as a reserve to be brought into account upon either maturity or sale of the stock concerned.

6. *Mortgages*—Mortgage applications approved, but for which the funds have not been uplifted at 31 March 1977, amount to \$512,730.

7. *Property*—The Bank owns premises in Timaru, Temuka, and Waimate, and leases premises in Ashburton, Geraldine, Tinwald, and Timaru. The leases have been negotiated to provide long-term tenancy options. Provision has been made in the accounts for future development of head office building in Timaru.

8. *Taxation*—The amount provided for income tax is the amount of the calculated tax liability in respect of the accounting profit shown for the year by the profit and loss account.