

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED
31 MARCH 1978

	\$	\$
Donations	20,000	..
Balance transferred to reserve fund..	68,016	33,033
	<u>\$88,016</u>	<u>\$33,033</u>
Net profit	\$ 88,016	\$ 512
Taxation overprovided in previous years ..	..	32,061
Donations overprovision in previous Years .. .. .	..	460
	<u>\$88,016</u>	<u>\$33,033</u>

1986

SOUTH CANTERBURY SAVINGS BANK

PROFIT AND LOSS ACCOUNT FOR YEAR ENDING 31 MARCH 1978

	1978	1977
	\$	\$
To interest credited and accrued to depositors	735,373	603,957
To charges and administration expenses	599,006	471,576
To depreciation	43,478	13,764
To provision for building alteration reserves .. .. .	..	20,000
To provision for taxation	73,133	66,213
To net profit to profit and loss appropriation account	89,386	62,664
	<u>\$1,540,376</u>	<u>\$1,238,174</u>

	1978	1977
	\$	\$
By Interest—		
N.Z. Government stock ..	477,472	416,668
Local authorities ..	105,466	97,383
Fixed deposits ..	196,064	133,583
Mortgages ..	709,972	548,194
Personal loans ..	22,348	12,068
Total investment income	1,511,322	1,207,896
By commission, brokerage, etc. ..	27,106	29,090
By rents received ..	1,948	1,188
	<u>\$1,540,376</u>	<u>\$1,238,174</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR YEAR ENDING
31 MARCH 1978

	1978	1977
	\$	\$
To provision for grants	15,000	15,000
To balance to reserve fund	77,848	49,991
	<u>\$92,848</u>	<u>\$64,991</u>

	1978	1977
	\$	\$
By balance of funds appropriated for Grants 1977 not distributed. . .	..	..
By refund of income tax	3,462	2,327
By net profit from profit and loss account	89,386	62,664
	<u>\$92,848</u>	<u>\$64,991</u>

(Notes to these Accounts appear on a separate page attached hereto)

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 1978, 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 each 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 calculating depreciation had the straight line method been adopted.

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 1978, and the results of its operations for the year then ended.

Timaru, 22 May 1978.

HUBBARD, CHURCHER & Co., Chartered Accountants.

SOUTH CANTERBURY SAVINGS BANK

NOTES TO THE ANNUAL ACCOUNTS 31 MARCH, 1978

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 except that full advantage of first year depreciation rates as allowed by the Inland Revenue Department have been taken in respect of the computer equipment purchased during the year.

2. *Revenue recognition*—Interest received includes interest accrued to 31 March 1978.

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, other than the computer equipment, have been depreciated at ordinary depreciation rates as allowed by the Inland Revenue Department. Computer equipment has been depreciated at the first year rate of 25 percent of cost price. 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 exceptions on the purchase of plant have been claimed for taxation purposes except in respect of the computer equipment as mentioned above.

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 1978, amount to \$859,680.

7. *Property*—The Bank owns property in Timaru, Temuka, Fairlie, and Waimate, and leases premises in Ashburton, Geraldine, Tinwald, Fairlie, and Timaru. The leases have been negotiated to provide long-term tenancy options.

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.

SOUTH CANTERBURY SAVINGS BANK

BALANCE SHEET AS AT 31 MARCH 1978

	Liabilities		
	1978	1978	1977
	\$	\$	\$
Depositors' Balances—			
3 percent accounts ..	..	12,733,050	12,890,039
Current accounts ..	..	581,889	389,113
Term deposits—			
30 days to 3 months ..	64,198	..	..
3 months to 6 months ..	57,290	121,488	..
Investment accounts—			
6 months ..	479,248	..	237,980
1 year ..	1,609,596	..	1,369,820
2 years ..	1,419,745	..	1,393,300
3 years ..	4,021,440	..	1,290,750
		7,530,029	4,291,850
Housing bonds ..	..	45,870	44,770
		<u>21,012,326</u>	<u>17,615,772</u>