

Buildings .. .. .	1% to 2½%
Office Furniture and Equipment ..	10% to 15%

4. *Taxation*—Taxation charged against profits for the year is the estimated expense for the year. Tax allocation accounting has been adopted by the Bank for significant timing differences in respect of accrued investment income, depreciation, and capital profits and losses on Government stock purchases and sales.

#### C. Valuation of Assets—

1. *Current Assets and Investments*—All current assets and investments are shown at cost with the exception of New Zealand Government stock. On the basis that Government stock will normally be held to maturity, the Bank considers it appropriate to record such stock at face value. Differences between cost and face value are transferred to the reserve fund at the date of purchase.

#### NOTE 2

The Taxation provision for the year ended 31 March 1977 included a tax benefit of \$105,700 arising from switches to higher yielding Government stock, and as a result profit after taxation transferred to the Profit and Loss Appropriation Account was increased by this amount.

The capital loss on these transactions was charged to the Reserve Fund.

#### AUDITORS' REPORT

We report that we have examined the books and accounts of the Otago Savings Bank for the year ended 31 March 1978, and have received all the information and explanations we have required.

In our opinion, the accompanying Balance Sheet and Profit and Loss Account, together with the notes thereon, present fairly the financial position of the Bank at 31 March 1978, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hutchison, Hull & Co., and Gilfillan, Morris & Co.,  
Chartered Accountants.

Dunedin.  
1 May 1978.

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#### TARANAKI SAVINGS BANK BALANCE SHEET AS AT 31 MARCH 1978

	1978	1977
	\$	\$
Depositors' accounts—		
Ordinary accounts ..	27,138,408	26,841,417
Thrift club ..	3,797,030	3,672,520
Home loan, ownership and farm ownership	1,071,338	846,416
Christmas club ..	118,463	103,175
	32,125,239	31,463,528
Personal cheque accounts	831,371	575,069
Investment accounts and term deposits ..	18,249,612	13,460,375
Total depositors' balance ..	51,206,222	45,498,972
National savings depositors' balance ..	37,538	47,194
Other liabilities—		
Interest accrued on investment accounts and term deposits ..	343,700	247,008
Sundry creditors ..	68,691	51,658
Total other liabilities ..	412,391	298,666
Provision for donations ..	40,000	30,000
Provision for taxation ..	482,866	253,801
Reserve fund ..	2,734,747	2,372,672
	\$54,913,764	\$48,501,305

	1978	1977
	\$	\$
Current assets—		
Cash on hand and at bank	508,669	407,084
Fixed deposits	7,200,000	4,100,000

Transferable certificates of deposit ..	300,000	550,000
Less discount not yet amortised ..	6,137	32,814
	293,863	517,186
Accrued interest on investments ..	750,249	504,423
Sundry debtors	33,776	53,678
Total current assets—	8,786,557	5,582,371
Investments—		
New Zealand Government stock ..	19,713,470	20,029,470
Less discount not yet amortised ..	232,846	122,913
	19,480,624	19,906,557
Local authority stock at cost	152,637	112,504
Mortgages ..	24,411,528	21,581,413
Personal loans	532,801	429,844
Less unearned interest ..	58,686	42,029
	474,115	387,815
Northern Trustee Computerbank Ltd.—		
Ordinary shares	80,000	80,000
Plus share of accumulated profits (losses)	6,672	(17,284)
	86,672	62,716
Northern Trustee Computerbank Ltd. debentures	33,000	33,000
Total investments	44,638,576	42,084,005
National savings securities—		
New Zealand Government stock at cost	30,000	40,000
Cash on hand and at bank	7,538	7,194
Total national savings securities	37,538	47,194
Fixed assets—		
Land	253,084	133,660
Buildings	814,291	593,389
Vehicles, office equipment, furniture, etc.	813,231	432,468
	1,880,606	1,159,517
Less depreciation to date	429,513	371,782
Total fixed assets	1,451,093	787,735
	\$54,913,764	\$48,501,305

The attached notes form part of and are to be read in conjunction with these accounts.

D. H. BLANCHETT, General Manager.  
W. A. JOSEPHSON, President.