

APPROPRIATION ACCOUNT

Notes to the Accounts

	\$
Provision for donations	20,000
Transfer to reserve	174,954
	<u>194,945</u>
Net profit—brought down	170,998
Share of profit—Northern Trustee Computerbank Ltd.	23,956
	<u>194,954</u>

STATEMENT OF ACCOUNTING POLICY

1. *Accounting Principles*—The general accounting principles recommended by the New Zealand Society of Accountants for the measurement and reporting of results on an historical cost basis, consistent with previous years, have been used in the preparation of the financial accounts.

2. *Depreciation*—Straight-line depreciation has been applied to the Bank's E.D.P. equipment, to write it off over the period of its expected useful life. All other assets have been depreciated at the rates as allowed by the Inland Revenue Department as it is considered that the differences between these, and a straight-line method, are not material.

3. *Government Stock*—It has been the Bank's policy to amortise discounts and premiums on Government Stock Securities over the term of the investment on a straight-line basis, and to show the value of the stock in the Balance Sheet at a cost price plus amortised discount to date. In accordance with this policy, the sum of \$7,271 has been credited to the Profit and Loss Account for this financial year. This amount relates to stocks purchased prior to 31 March 1975.

The cost price of stocks purchased since 1 April 1975 at a discount or premium is, following an Inland Revenue Department ruling, the price paid for the stock, with no deduction from interest receivable allowed for the interest content of the purchase. The Bank's policy is to make provision over the term of the stock for losses or gains on maturity, and accordingly, has credited \$701 to the Profit and Loss Account for the financial year.

The nominal value of the Bank's Government Stock holding is \$21,522,140.

4. *Local Authority Securities*—Securities with a nominal value of \$802,831, sold on a temporary switch basis during the 1977 financial year, were re-purchased during the current year.

5. *Personal Loans*—The Bank's policy is to add interest to the loan when advanced, and interest is brought into revenue on the basis of the "Rule of 78".

6. *Shares—Northern Trustee Computerbank Ltd.*—These shares have been treated using the standard accounting practice adopted by the New Zealand Society of Accountants for an associate company:

Shares issued to the Bank (\$1)	\$100,000
Shares paid up by the Bank (100,000 @ 80 cents) ..	80,000
Plus share of accumulated profit of Northern Trustee Computerbank Ltd.	7,848
Book value 31 March 1978	<u>\$87,848</u>

The Bank has a contingent liability for uncalled capital of 100,000 shares at 20 cents—\$20,000.

COMMITMENTS

7. *Mortgages*—Mortgages approved but not advanced as at 31 March 1978—\$2,005,639.

8. *Capital*—Expenditure committed to property as at 31 March 1978—\$8,621.

TAXATION

9. *Taxation Provision*—(a) The provision for income tax charged in the Profit and Loss Account is the calculated amount of tax liability in respect of the accounting profit, after appropriate adjustments required by the Inland Revenue Department.

(b) The provision for deferred taxation represents the tax liability on accrued interest or investments, included in income, but not received as at 31 March 1978.

T. H. MUIR, President.

P. D. MUNN, General Manager.

AUDITOR'S CERTIFICATE

I report that I have examined the balance sheet of the Bay of Plenty Savings Bank as at 31 March 1978, and the related revenue account for the year ended on that date and have received all the information and explanations I have required. In my opinion the accompanying balance sheet and revenue account presents fairly the financial position of the Bank as at 31 March 1978, and the results of the operations for the year ended on that date, and were in general conformity with generally accepted accounting principles applied on the basis consistent with that of the preceding year.

J. L. GREGORY, F.C.A., Auditor.

Tauranga, 29 May 1978.

BALANCE SHEET AS AT 31 MARCH 1978

	\$	\$	
Depositors' accounts—			
Ordinary accounts	33,859,128		
Personal cheque accounts	1,691,899		
Investment accounts	19,452,607		
Housing bonds	55,550		
	<u>55,059,184</u>		
Other liabilities—			
Interest accrued on investment accounts	600,375		
Mortgages and term advances	356,082		
Sundry creditors	74,837		
	<u>1,031,294</u>		
Provision for donations	20,000		
Provision for deferred taxation	509,900		
Reserve fund	824,815		
	<u>\$57,445,193</u>		
	\$	\$	
Current assets—			
Cash on hand and at bank	894,764		
Fixed deposits	950,000		
Short term investments	2,606,000		
Interest accrued on investments	1,030,474		
Sundry debtors	4,346		
	<u>5,485,584</u>		
Investments—			
New Zealand Government stock (note 3)	21,508,714		
Local authority securities (note 4)	1,085,754		
Mortgages	27,823,852		
Personal loans (note 5)	595,880		
Debentures—Northern Trustee Computerbank Ltd.	33,000		
Shares—Northern Trustee Computerbank Ltd. (note 6)	87,848		
	<u>51,135,048</u>		
Fixed assets—			
	Cost	Depn.	Book Value
	\$	\$	\$
Land and buildings	445,711	18,235	427,476
Vehicles, equipment, furniture, etc.	666,010	268,925	397,085
	<u>1,111,721</u>	<u>287,160</u>	<u>824,561</u>
Total fixed assets			<u>824,561</u>
			<u>\$57,445,193</u>