

AUDITORS' REPORT

We have examined the balance sheet of the Eastern and Central Savings Bank as at 31 March 1979, and the related revenue account for the year then ended. Our examination was made in accordance with generally accepted auditing standards 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 balance sheet with notes attached and revenue account present fairly the financial position of the Eastern and Central Savings Bank at 31 March 1979, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on the basis consistent with that of the preceding year.

BROWN, WEBB and Co., Chartered Accountants.

Hastings, 14 May 1979.
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TARANAKI SAVINGS BANK

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1979

	1979	1978
	\$	\$
Interest to depositors—		
On open accounts	897,692	830,165
Closed accounts and matured investment accounts and term deposits	1,312,827	828,005
Accrued on investment accounts and term deposits	471,366	343,700
Home loan suspensory free deposits	2,231	2,434
	<u>2,684,116</u>	<u>2,004,304</u>
Administrative expenses	1,510,542	1,294,223
Trustees honoraria	7,916	5,722
Depreciation	76,180	68,542
Loss on disposal of securities	115,777	14,827
Provision for taxation	329,000	305,000
Net profit	456,672	399,355
	<u>\$5,180,203</u>	<u>\$4,091,973</u>
Interest on investments—		
New Zealand Government stock	1,410,811	1,207,245
Local authorities stock	15,862	8,605
Mortgages	2,489,812	1,856,902
Personal loans	84,981	51,660
Other sources	983,636	703,642
	<u>4,985,102</u>	<u>3,828,054</u>
Income from other sources	163,355	122,350
Share of profit of associate company ^a	31,746	23,956
Extraordinary item—		
Profit on disposal of securities	117,613
	<u>\$5,180,203</u>	<u>\$4,091,973</u>

APPROPRIATION ACCOUNT FOR YEAR ENDED 31 MARCH 1979

	1979	1978
	\$	\$
Provision for donations	40,000	40,000
Reserve account	420,402	362,075
	<u>\$460,402</u>	<u>\$402,075</u>
Net Profit	456,672	399,355
Donation provision balance transferred	3,730	2,720
	<u>\$460,402</u>	<u>\$402,075</u>

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

NOTES TO THE ACCOUNTS

1. *Statement of accounting policies*—The general accounting principles as recommended by the New Zealand Society of Accountants for the measurement and reporting of results and financial position on an historical cost basis have been followed in the preparation of these financial statements.

The following particular accounting policies which significantly affect the measurement of the Bank's profit and financial position have been applied on a basis consistent with the previous year.

Depreciation—Depreciable fixed assets are depreciated on a straight line basis at rates estimated to write off the cost, less residual value, over the useful life of each class of asset. The principle rates in use are:

- Buildings 1 percent and 2½ percent.
- Office equipment, fixtures and fittings 10 percent and 20 percent.
- Computer equipment 12½ percent.

2. *Investment accounts and term deposits:*

	1978	1979
	\$	\$
Under and including 1 year	6,682,563	8,834,924
Under and including 1–2 years	3,797,093	4,298,570
Under and including 2–3 years	7,348,866	9,439,410
Under and including 5 years	421,090	405,790
	<u>\$18,249,612</u>	<u>\$22,978,694</u>

3. *Fixed deposits*—Coupon maturity dates cover the period April 1979 to November 1982. As these investments can be realised as liquidity conditions dictate they have been treated as current assets.

4. *New Zealand Government stock and transferable certificates of deposit*—New Zealand Government stock and transferable certificates of deposit are recorded at par value less discount which is amortised over the term of the investment on a straight line basis. The cost price as at 31 March was as follows:

	1978	1979
	\$	\$
Transferable certificates of deposits	293,127	830,123
New Zealand Government stock	19,433,017	22,557,842

New Zealand Government stock is held pursuant to the ratio requirements of the Trustee Savings Bank Act 1948 and subsequent amendments, and under normal circumstances is held to the coupon maturity date. As at 31 March 1979 the estimated market value of the New Zealand Government stock portfolio was \$19,087,570 and the transferable certificates of deposit portfolio was \$821,616.

5. *Personal loans*—Interest on loans is added to the principal sum at the date of the advance. The interest revenue is recognised on the basis of the 'Rule of 78' method.

6. *Northern Trustee Computerbank Ltd.*—The ordinary share investment has been shown using the equity accounting basis:

	31/3/78	31/3/79
	\$	\$
100,000 Ordinary shares paid to 80c	80,000	80,000
Accumulated profits (losses) to previous year	(17,284)	6,672
Share of profit current year	23,956	31,746
	<u>86,672</u>	<u>118,418</u>
Debentures (at cost)	33,000	33,000
	<u>\$119,672</u>	<u>\$151,418</u>

7. *Valuation of assets*—Fixed assets are recorded at cost.

Buildings includes work in progress on the T.S.B. Centre Complex at Devon Street East, of \$1,573,678.

The latest Government Valuation of land and buildings plus additions at cost:

	\$
Land	345,300
Buildings	2,221,878
Total	<u>\$2,567,178</u>

8. *Contingent liabilities and capital commitments*—

Contingent liabilities—Subsidy on home loan accounts. Un-called Capital Northern Trustee Computerbank Ltd, \$20,000.

Capital commitments—Buildings \$483,256.

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In our opinion, the accompanying balance sheet and profit and loss account present fairly the financial position of Taranaki Savings Bank at 31 March 1979, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding year.

HUTCHISON HULL AND CO.,
Chartered Accountants.

New Plymouth, 16 May 1979.

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