

BALANCE SHEET AS AT 31 MARCH 1979

		\$	\$
Depositors' accounts—			
Ordinary accounts	43,050,595		
Personal cheque accounts	2,920,389		
Investment deposits	27,465,642		
Housing bonds	53,550		
			73,490,176
Other liabilities—			
Interest accrued on investment deposits	854,795		
Mortgages and term advances	318,752		
Sundry creditors	113,042		
Provision for current taxation	414,623		
			1,701,212
Provision for donations		25,000	
Provision for deferred taxation (note 4b)		182,865	
Reserve fund		1,074,415	
			\$76,473,668
Current assets—			
Cash on hand and at bank	1,380,586		
Fixed deposits	1,050,000		
Short-term investments	2,570,669		
Interest accrued on investments	1,251,337		
Sundry debtors	9,505		
			6,262,097
Investments—			
New Zealand Government stock (note 2)	28,555,646		
Local authority securities	1,095,893		
Mortgages	38,127,118		
Personal loans (note 3)	1,401,040		
Debentures—Northern Trustee Computerbank Ltd.	33,000		
Shares—Northern Trustee Computerbank Ltd. (note B)	119,594		
			69,332,291
Fixed assets—			
	Cost	Depreciation	Book Value
	\$	\$	\$
Land and buildings	474,627	24,312	450,315
Vehicles, equipment, furniture etc.	775,634	346,669	428,965
	1,250,261	370,981	879,280
Total fixed assets			879,280
			\$76,473,668

NOTES TO THE ACCOUNTS

(A) *Statement of Accounting Policies*—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.

The following particular principles have been applied:

1. *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 allowable by the Inland Revenue Department. The difference between these rates, and the straight-line method, is not considered to be material.

2. *Government Stock*—It is 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 its cost price adjusted by the amortised discount to date.

The market value of the Bank's Government stock holding is \$24,832,356.

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

4. *Taxation*—(a) The provision for Income Tax charged in the profit and loss account is the calculated tax liability in respect of the accounting profit after adjusting for permanent differences.

(b) The provision for deferred taxation arises from timing differences relating to income accrued into the accounts but not received as at balance date.

(B) *Shares—Northern Trustee Computerbank Ltd.*—These shares have been shown in the accounts according to the standard accounting practice adopted by the New Zealand Society of Accountants for an associate company.

Shares issued to the Bank (100,000 shares at \$1 per share)	\$100,000
Shares paid up by the Bank (100,000 shares paid up to 80 cents per share)	80,000
Plus share of accumulated profit of Northern Trustee Computerbank Ltd.	39,594
	<u>\$119,594</u>
The Bank has a contingent liability for uncalled capital of 100,000 shares at 20 cents per share	\$20,000
(C) Commitments—	
Mortgages—mortgages approved but not advanced as at 31 March 1979	\$1,052,455
Capital—capital commitments in respect of plant, land, and buildings as at 31 March 1979 totalled	\$55,646

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SOUTHLAND SAVINGS BANK

NOTES TO THE ACCOUNTS

Statement of Accounting Policies—The general accounting principles recommended by the New Zealand Society of Accountants for the measurement and reporting of results on an historical basis have been adopted in the preparation of the financial statements.

The particular accounting principles which the Bank considers appropriate for the measurement of profit and financial position are detailed below:

1. *Revenue*—(a) Interest accrued on investments has been taken into account.

(b) *Personal Loans*—The "Rule of 78" has been used in determining interest accrued.

2. *Depreciation*—Calculation has been made on basis of Inland Revenue Department rates. First year depreciation has been claimed where applicable. Straight line basis for calculation of depreciation has not been adopted as it is considered the difference in the amount of depreciation would not be material.

3. *New Zealand Government Stock*—In accordance with established policy New Zealand Government stock has been shown at face value. Prior to 1 April 1975, certain parcels of New Zealand Government stock were purchased at a discount.

4. *Taxation*—No provision has been made for "deferred taxation".

5. During the year repairs and maintenance costs of extraordinary amounts were incurred in conjunction with the remodeling and extending of Invercargill Branch and Head Office premises and also Strathearn Sub-branch premises.

These amounts which total \$527,593 have been certified as expenditure of a revenue nature by the Bank's architects.

This expenditure has accordingly been charged to revenue and has the tendency to distort any comparison of the financial result of the year ended 31 March 1979 with that of any previous year.

Government stock reconciliation—	\$
Cost price	29,770,641
Add capital gain on purchase	70,017
	<u>\$29,840,658</u>

National savings securities—

New Zealand Government stock purchased at par

SOUTHLAND SAVINGS BANK

BALANCE SHEET AS AT 31 MARCH 1979

		\$	\$
Depositors' accounts—			
Ordinary accounts	62,506,139		
Housing bonds	106,250		
Investment accounts	7,472,540		
Term deposits	13,522,815		
			83,607,744
Total liability to depositors		23,983	
National savings accounts		629	
Add interest suspense account			24,612
			<u>83,632,356</u>