

BALANCE SHEET AS AT 31 MARCH 1980

	1980 \$	1979 \$
Current liabilities—		
Sundry creditors	151,898	149,181
Accrued interest on investment accounts	786,502	580,413
Provision for donations .. .. .	..	500
Term liabilities (repayable within 12 months)	16,000	251,000
Total current liabilities	954,400	981,094
Term liabilities—		
Mortgages	141,134	157,134
Term loan	3,833	..
Total term liabilities	144,967	157,134
Deferred taxation	249,344	129,686
Depositors' balances—		
Savings accounts	29,627,571	31,914,854
Term investment accounts (note 6)	25,097,817	18,949,956
Personal cheque accounts	1,957,999	1,807,332
Total depositors' balances	56,683,387	52,672,142
Reserve fund—		
Accumulated profits 1 April 1979	266,079	260,936
Plus transfer from appropriation account	144,415	5,143
Total reserve fund	410,494	266,079
	\$58,442,592	\$54,206,135
	1980 \$	1979 \$
Current assets—		
Cash on hand and at bank	819,022	256,176
Sundry debtors	166,315	106,835
Accrued income	752,580	407,265
Provisional tax paid .. .. .	..	90,614
Total current assets	1,737,917	860,890
Investments—		
New Zealand Government stock (note 4)	21,451,813	19,256,027
Local authority stock (note 4)	780,091	582,952
Mortgages	28,533,080	28,282,703
Fixed and short term deposits	4,550,000	4,020,000
Personal loans	730,726	554,637
Total investments	56,045,710	52,696,319
Fixed assets—		
(At cost less depreciation) (note 5)	658,965	648,926
	\$58,442,592	\$54,206,135

The references in these accounts are to the numbered notes on the following pages which form an integral part of, and are to be read in conjunction with, these accounts.

H. L. M. PEIRSE, President.
M. R. JENSEN, General Manager.

19 May 1980.

AUDITORS' REPORT

We report that we have examined the books and accounts of the Wellington Savings Bank for the year ended 31 March 1980 and have received all the information and explanations we have required.

In our opinion, the accompanying balance sheet and profit and loss account present fairly the financial position of the bank as at 31 March 1980 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 AND CO.
Chartered Accountants.

Wellington, N.Z., 19 May 1980.

NOTES TO THE ACCOUNTS

1. *Statement of accounting policies*—The general accounting principles recommended by the New Zealand Society of Accountants for the measurement and reporting of profits and losses under the historical cost method have been adopted in the preparation of these financial statements.

The following particular accounting policies which materially affect the measurement of profit and the financial position have been consistently applied.

Taxation—The charge for income tax is the amount of the tax liability in respect of the accounting profit for the year and includes both current and deferred tax.

The liability for deferred taxation arises from items of income and expenditure being included in taxation calculations in periods different from those in which they are dealt with in the financial accounts. The significant timing differences relate to accrued interest income, discounts earned and premiums paid on Government Stock and depreciation. Commencing in 1975, the Bank has been providing for deferred taxation on accrued income over six years, however this procedure is now being accelerated according to available profits.

Valuation of Government Stock—Government Stock is valued at cost plus the net of discounts earned and premiums paid amortised on a straight-line basis from date of purchase to date of maturity.

Depreciation—Fixed assets are being depreciated on the straight-line method at rates which will write off the cost over their estimated useful lives. The principal rates are:

Buildings .. .. .	..	3 percent to 5 percent
Furniture and fittings .. .. .	..	10 percent to 20 percent
Computer equipment .. .. .	..	20 percent to 25 percent

2. *Administration expenses—*

	1980 \$	1979 \$
Included in the above are:		
Audit fee	16,750	12,024
Mortgage interest	16,599	17,959
Trustees' honoraria	8,915	4,645
Equipment leasing	125,628	87,064
Depreciation	89,001	86,518

3. *Investment income—*

	1980 \$	1979 \$
Includes interest on:		
Government stock	2,122,305	1,286,344
Local authority stock	78,398	45,184
Mortgages	3,100,254	2,264,309

4. *Investments—*

	1980 \$	1979 \$
New Zealand Government stock values at 31 March:		
Nominal value	21,619,890	21,159,890
Cost price plus amortisation	21,451,813	19,256,027
Market value	17,639,400	16,455,520
Local authority stock values at 31 March:		
Nominal value	780,091	582,952
Cost price	780,091	582,952
Market value	694,993	544,208

Since the above stocks are generally held until dates of maturity, differences in the above bases of valuation have little financial effect on the Bank.

5. *Fixed assets (at cost)—*

	1980 \$	1979 \$
Furniture, fittings, and equipment	470,821	413,445
Less		
Accumulated depreciation	226,180	204,279
	244,641	209,166
Improvements to Leasehold Premises	127,362	129,873
Less		
Accumulated depreciation	84,762	73,968
	42,600	55,905
Land	174,695	174,695
Buildings	254,441	255,941
Less		
Accumulated depreciation	57,412	46,781
	371,724	383,855
Total fixed assets	\$658,965	\$648,926

The current Government valuation of land and buildings is \$525,000.