

AUDITORS' REPORT

We have examined the balance sheet of the South Canterbury Savings Bank as at 31 March 1980, and the related profit and loss account for the year then ended. Our examination was made in accordance with the general principles of auditing and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In accordance with an accounting policy of the bank depreciation on fixed assets has been calculated to reduce each asset to its estimated residual value by the end of its probably useful life. The rates used are those approved by the Commissioner of Inland Revenue. It is considered that the amount charged in the profit and loss account does not differ materially from that which would result from calculating depreciation had the straight line method been adopted.

We have obtained all the information and explanations that we have required and in our opinion, the accompanying balance sheet and the profit and loss account together with the statement of accounting policy and notes attached thereto present fairly the financial position of the South Canterbury Savings Bank as at 31 March 1980, and the results of its operations for the year then ended.

HUBBARD, CHURCHER AND CO., Chartered Accountants,
Timaru, 26 May 1980.

SOUTH CANTERBURY SAVINGS BANK

NOTES TO THE ANNUAL ACCOUNTS 31 MARCH 1980

Statement of Accounting Policy

1. *Accounting principles*—The accounts have been prepared in accordance with general accounting principles, consistent with previous years based on historical cost, and there have been no changes to accounting policy during the year except that full advantage of first year depreciation rates as allowed by the Inland Revenue Department have been taken in respect of the computer equipment purchased during the year.

2. *Revenue recognition*—Interest received includes interest accrued to 31 March 1980.

3. *Personal loans*—Advances by way of personal loans have been adjusted for interest yet to mature as shown in the balance sheet. The policy is to add interest to the full advance at the commencement of the loan. This amount is brought into revenue during the appropriate financial years by applying the "Rule of 78".

4. *Depreciation*—The fixed assets, other than the computer equipment, have been depreciated at ordinary depreciation rates as allowed by the Inland Revenue Department. Computer equipment is depreciated at the first year rate of 25 percent of cost price, thereafter at 20 percent D.V. All assets still in use are included in the bank's books and it is calculated that the depreciation rates being used will write off the items over the period of their useful lives. In accordance with the bank's established policy, no additional depreciation as provided for by the Inland Revenue Department as special exemptions on the purchase of plant have been claimed for taxation purposes except in respect of the computer equipment as mentioned above.

5. *Investment* - New Zealand Government stock and local authority securities are shown at face value and are generally held until maturity. The redemption due on maturity in regard to stock purchased under par is shown as a reserve to be brought into account upon either maturity or sale of the stock concerned.

6. *Mortgages*—Mortgage applications approved but for which the funds have not been uplifted at 31 March 1980, amount to \$778,950.

7. *Property*—The bank owns property in Timaru, Temuka, Fairlie, and Waimate, and leases premises in Ashburton, Geraldine, Tinwald, Fairlie, Pleasant Point, and Timaru. The leases have been negotiated to provide long-term tenancy options.

8. *Taxation*—The amount provided for income tax is the amount of the calculated tax liability in respect of the accounting profit shown for the year by the profit and loss account.

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CANTERBURY SAVINGS BANK

BALANCE SHEET AS AT 31 MARCH 1980

Depositors' accounts—	\$	\$
Current accounts	6,943,783	
Ordinary accounts	132,644,514	
Investment accounts	130,234,873	
Total liability to depositors		269,823,170

Other liabilities—

Interest accrued on depositors' accounts	5,669,913	
Staff provident fund	1,571,862	
Sundry creditors	1,037,994	
Total other liabilities		8,279,769
Provision for donations		200,000
Provision for taxation		891,285
Reserve fund		5,906,663
		<u>\$285,100,887</u>

Current assets—

Cash on hand and at bank	25,648,907	
Interest accrued on investments	2,898,624	
Sundry debtors	73,148	
Total current assets		28,620,679

Investments—

New Zealand Government securities	100,582,119	
Local authority securities	12,702,671	
Mortgages	131,989,740	
Personal loans	4,485,146	
Total ordinary investments		249,759,676

Fixed assets—

	Cost Price	Depreciation To Date	Book Value
	\$	\$	\$
Land and buildings	4,821,666	413,335	4,408,331
Vehicles, equipment, furniture, etc.	4,125,762	1,813,561	2,312,201
			<u>6,720,532</u>
			<u>\$285,100,887</u>

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1980

Interest to depositors—	\$
On open accounts	3,448,217
Closed accounts and matured investment accounts	6,005,633
Accrued on accounts	5,669,914
	<u>15,123,764</u>
Administration expenses	7,743,204
Trustees honoraria	10,463
Depreciation	659,153
Provision for taxation	1,258,013
Net profit	1,561,031
	<u>\$26,355,628</u>

Interest on investments—

New Zealand Government securities	8,113,122
Local authority stock	999,046
Mortgages	13,338,439
Other	3,280,256
Income from other sources	624,765
	<u>\$26,335,628</u>

APPROPRIATION ACCOUNT

	\$
Provision for donations	200,000
Transfer to reserves	1,361,031
	<u>\$1,561,031</u>
Net profit	1,561,031
	<u>\$1,561,031</u>

AUDITORS' REPORT

We the undersigned, being the auditors of the Canterbury Savings Bank, appointed in terms of section 29 (3) of the Trustee Savings Banks' Act 1948, report that:

We have examined the accompanying balance sheet, profit statement, and notes, and have obtained all the information and explanations we have required. We are of the opinion that proper books of account have been kept by the bank, that the balance