

## APPROPRIATION ACCOUNT FOR YEAR ENDED 31 MARCH, 1981

	1981	1980
Provision for donations .. .. .	\$ 60,000	\$ 50,000
Reserve account .. .. .	390,986	375,932
	<u>\$450,986</u>	<u>\$425,932</u>
	1981	1980
	\$	\$
Net profit— .. .. .	450,647	422,800
Donation provision balance transferred .. .. .	339	3,132
	<u>\$450,986</u>	<u>\$425,932</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1981	1980
Source of funds—	\$	\$
Profit after tax .. .. .	450,647	422,800
Depreciation .. .. .	178,471	126,744
Total funds from operations .. .. .	\$629,118	\$549,544
From other sources—		
Donation provision transferred .. .. .	339	3,132
Increase in provision for donations .. .. .	10,000	10,000
Depositors' funds .. .. .	16,956,903	9,683,290
Deferred taxation .. .. .	199,467	170,920
Total source of funds .. .. .	<u>\$17,795,827</u>	<u>\$10,416,886</u>
Application of funds—		
Net purchase of fixed assets .. .. .	423,486	1,385,283
Investments .. .. .	6,493,419	3,372,381
Mortgages and personal loans and overdrafts .. .. .	8,727,029	3,889,384
Trustee Bank Visa outstandings .. .. .	78,369	
Share of associate company .. .. .	15,158	35,668
Provision for donations .. .. .	60,000	50,000
Increase in working capital .. .. .	1,998,366	1,684,170
	<u>\$17,795,827</u>	<u>\$10,416,886</u>
Increase in working capital—		
Cash .. .. .	425,263	142,585
Fixed deposits .. .. .	1,800,000	1,291,000
Debtors .. .. .	19,196	17,309
Creditors .. .. .	(126,812)	(39,409)
Taxation .. .. .	(177,440)	297,305
Accrued interest on investments .. .. .	420,758	244,373
Accrued interest on investment accounts .. .. .	(362,599)	(268,993)
	<u>\$1,998,366</u>	<u>\$1,684,170</u>

## STATEMENT OF THE ACCOUNTS

*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 years.

*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.

*Investment accounts and term deposits*—

	1981	1980
Under and including—	\$	\$
1 year .. .. .	26,227,200	14,663,939
1-2 years .. .. .	5,309,928	6,079,393
2-3 years .. .. .	7,063,308	8,828,364
3-5 years .. .. .	1,483,280	1,516,870
	<u>\$40,083,716</u>	<u>\$31,088,566</u>

*Taxation*—The charge for income tax is the amount of tax liability in respect of the accounting profit for the year.

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 depreciation and accrued income.

	1981	1980
Net profit before tax	791,647	714,800
Less permanent differences .. .. .	33,870	65,912
	757,777 @ 45c 341,000	341,000 648,888 @ 45c 292,000
Plus share of tax of associate company .. .. .	33,690	
Total tax provided in accounts .. .. .	<u>\$374,690</u>	
Less timing differences—transferred to deferred tax .. .. .	199,467	170,920
Tax liability for year .. .. .	141,533	121,080
Less provisional tax paid .. .. .	138,489	295,476
Tax payable (receivable) .. .. .	<u>\$3,044</u>	<u>\$174,396</u>
Deferred tax 1 April 1980 .. .. .	565,033	1/4/79 394,113
Plus movement .. .. .	199,467	170,920
Deferred tax 31 March 1981 .. .. .	<u>\$764,500</u>	31/3/80 <u>\$565,033</u>

*Fixed deposits*—Coupon maturity dates cover the period 9 April, 1981, to 9 January, 1982. As these investments can be realised as liquidity conditions dictate they have been treated as Current Assets.

*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 31st March was as follows:

	1981	1980
Transferable certificate of deposit .. .. .	\$ 536,996	\$ 830,123
New Zealand Government stock .. .. .	32,130,679	25,860,831

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 1981, the estimated market value of the N.Z. Government stock portfolio was \$28,236,499 and the transferable certificates of deposit portfolio was \$574,982 (1980 \$20,658,200 \$892,400).

*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. Unearned interest as at 31st March was \$173,504 (1980 \$172,915).

*Northern Trustee Computerbank Ltd.*—The Ordinary Share investment has been shown using the equity accounting basis:

	1981	1980
100,000 ordinary shares paid to 80c .. .. .		80,000
80,000 ordinary shares paid to \$1 .. .. .	80,000	
Accumulated profits to previous year .. .. .	74,086	38,418
Share of profit current year .. .. .	15,158	35,668
	<u>169,244</u>	<u>154,086</u>
Debentures (at cost) .. .. .	33,000	33,000
	<u>\$202,244</u>	<u>\$187,086</u>

*Valuation of assets*—Fixed assets are recorded at cost:

	Cost	Accumulated	Book Value
	\$	\$	\$
Land .. .. .	275,194	—	275,194
Buildings .. .. .	3,031,793	171,412	2,860,381
Plant, furniture and fittings .. .. .	1,652,444	573,719	1,078,725
Total .. .. .	<u>\$4,959,431</u>	<u>\$745,131</u>	<u>\$4,214,300</u>

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

Date of Valuation	Land	Buildings	Total
1976 .. .. .	22,500	122,000	144,500
1977 .. .. .	16,300	94,700	111,000
1978 .. .. .	14,500	40,500	55,000
1979 .. .. .	15,500	32,500	48,000
1980 .. .. .	374,500	2,924,527	3,299,027
	<u>\$443,300</u>	<u>\$3,214,227</u>	<u>\$3,657,527</u>

*Contingent liabilities and commitments*—

## Contingent Liabilities:

Subsidy on Home Loan Account.

## Commitments:

Mortgages approved but not advanced as at 31 March .. .. .

	1981	1980
	\$6,044,036	\$1,804,400

## Capital Commitments:

Commitments in respect of plant, land and buildings as at 31 March .. .. .

	1981	1980
	\$234,565	\$126,125

## AUDITOR'S REPORT TO THE TRUSTEES OF TARANAKI SAVINGS BANK

We have obtained all the information and explanations that we have required. In our opinion proper accounting records have been kept by the bank, so far as appears from our examination of those records.

In our opinion the accompanying balance sheet, profit, and loss account, and statement of source and application of funds give, using the historical cost method, a true and fair view of the financial position of the bank at 31 March 1981, and the results of its business and the changes in financial position for the year ended on that date.

HUTCHISON HULL AND CO., Chartered Accountants.

New Plymouth, 27 May 1981.

## BANK OF NEW ZEALAND SAVINGS BANK LTD.

Deposits Guaranteed by Bank of New Zealand

BALANCE SHEET AS AT 31 MARCH 1981

	1981	1980
	\$000	\$000
<i>Liabilities</i>		
Depositors' balances, including interest credited—		
Ordinary accounts .. .. .	227,602	214,137
Thrifty accounts .. .. .	1,128	1,077
Investment accounts .. .. .	175,280	141,606
	<u>404,010</u>	