

The notes following form part of, and should be read in conjunction with the above financial statements.

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:

Note 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.

Note 2: Government stock—It has been the bank's policy to amortise total 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 amortised discount or premium to date. From 1 April 1980 there has been an additional adjustment to recognise the accrued interest content as revenue in the purchase or disposal of stocks.

Note 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".

Note 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. Associate company—The bank's investment in Northern Trustee Computerbank Ltd. has been shown in the accounts according to the standard accounting practice adopted by the New Zealand Society of Accountants for an associate company.

The investment is made up as follows:

Debentures	33,000
Paid-up shares	80,000
Share of accumulated profit, less dividends received, to year ended 31 March 1980	75,262
	<u>188,262</u>
Plus share of profit for the year ended 31 May 1980	55,671
Less share of provision for taxation	33,689
	<u>21,982</u>
Less dividend received	8,000
	<u>13,982</u>
Investment as per balance sheet	<u>\$202,244</u>

C. Fixed assets—

	Cost	Accumulated Depreciation	Book Value
Land	59,995	—	59,995
Buildings	433,463	35,129	398,334
	<u>493,458</u>	<u>35,129</u>	<u>458,329</u>
Furniture and fittings and alterations leased premises	550,531	318,024	232,507
Office and computer equipment	433,424	221,660	211,764
Motor vehicles	51,977	11,965	40,012
	<u>\$1,529,390</u>	<u>\$586,778</u>	<u>\$942,612</u>

The most recent Government or other external valuation of land and buildings is as follows:

Land	150,300
Buildings	480,000
	<u>\$630,300</u>

D. New Zealand Government Stock as at 31 March 1981—

Nominal value	\$35,193,140
Book value	\$35,264,825
Market value	\$30,142,163

E. Commitments—

Mortgages:

Mortgages approved but not advanced as at 31 March 1981 (1980: \$1,649,963)	\$2,027,910
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Capital:

Capital commitments in respect of plant, land and buildings as at 31 March 1981	\$16,100
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THE NEW ZEALAND GAZETTE

The *New Zealand Gazette* is published on Thursday evening of each week, and notices for insertion must be received by the Government Printer before 12 o'clock of the day preceding publication.

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