

WANGANUI SAVINGS BANK—*continued*

Net profit before taxation .. .. .							418,422	155,542
Income taxation .. .. .							186,136	66,898
Net profit after taxation .. .. .							232,286	88,644
							Appropriation Account	
Net profit from revenue account .. .. .							232,286	88,644
Provision for donations .. .. .							(30,000)	(20,000)
1979/80 taxation underprovided .. .. .							(232)	464
Deferred tax adjustment .. .. .							52,896	..
Balance to reserve fund .. .. .							<u>\$254,950</u>	<u>\$69,108</u>

## WANGANUI SAVINGS BANK

## NOTES TO THE ACCOUNTS

1. *Statement of Accounting Policies*—The general accounting principles as recommended by the New Zealand Society of Accountants for the measurement and reporting of profits on an historical basis have been followed. Particular accounting policies used which significantly affect the measurement of the bank's profit and its financial position are set out below:

2. *Government Stock*—

- (a) Government Stock is recorded at face value, adjusted by any premium paid or discount received, which is amortised or credited to revenue over the term of the investment;  
 (b) Values of Government Stock:

	1981	1980
	\$	\$
Face Value .. .. .	15,922,870	13,222,870
Less: Unexpired discounts .. .. .	2,941	3,236
Add: Premiums paid not yet w/off .. .. .	155,752	189,128
Book Value .. .. .	<u>16,075,681</u>	<u>13,408,762</u>
Market Value .. .. .	<u>13,431,155</u>	<u>10,258,960</u>

3. *Other Investments*—All investments, other than Government stock are shown at cost price, and all are expected to realise the reported amounts at maturity.

4. *Interest*—

- (a) Interest on Investments: interest on investments and mortgages is brought into revenue during the period in which it is earned, rather than the period during which it is received.  
 (b) Personal loans: The policy is to add interest to the full advance at the commencement of the loan, and this amount is brought into revenue during the appropriate financial year by applying the "Rule of 78".  
 (c) Investment accounts: interest accrued on depositors' investment accounts has been calculated at the full rate payable on the assumption that all deposits go through to maturity.

5. *Depreciation*—

- (a) Depreciation is calculated on a straight line basis. The principal write off periods in use for fixed assets are:

Buildings .. .. .	10 to 50 years
Office Equipment .. .. .	10 years
Furniture .. .. .	10 years
Vehicles .. .. .	5 years

- (b) Head Office land and buildings were revalued in 1975 by \$133,934, and depreciation is written off the buildings on the basis of that valuation. All other fixed assets are included at cost.

6. *Taxation*—Taxation charged against net profit recognises the affect of both current and deferred taxation as follows:

	1981	1980
	\$	\$
Tax expense in profit and loss account .. .. .	186,136	66,898
Less: Deferred tax for year .. .. .	130,156	66,898
Less: Provision tax paid .. .. .		8,310
Taxation payable (refund) per balance sheet .. .. .	<u>\$55,980</u>	<u>\$(8,310)</u>

7. *Deferred Taxation*—

	1981	1980
	\$	\$
Balance brought forward .. .. .	187,408	120,510
Plus: 1981 deferred tax .. .. .	130,156	66,898
Less: Prior year adjustments made for items no longer required .. .. .	(52,896)	
Balance 31 March 1981 .. .. .	<u>\$264,668</u>	<u>\$187,408</u>

8. *Stock on Hand*—The stock on hand shown in the balance sheet represents bulk stationery supplies which have been valued at cost.

9. *Commitments*—Mortgages approved but not yet paid out totalled \$1,356,425 at 31 March 1981. (\$579,025, 31 March 1980). Capital expenditure at 31 March 1981, totalled \$12,543. (31 March 1980 nil).