

Current assets—		\$	\$
Cash on hand and at bank ..	2,270,865		
Fixed deposits ..	14,224,000		
Interest accrued on investments ..	1,509,201		
Remittances in transit ..	..		
Sundry debtors ..	8,220		
Taxation refund due ..	62,338		
			18,074,624
Investments—			
New Zealand Government stock ..	41,258,180		
Local authority securities ..	7,473,078		
Mortgages ..	47,303,875		
Term loans ..	855,543		
Personal loans ..	1,812,149		
Other investments ..	459,273		
Total ordinary investments ..			99,162,098
National savings securities—			
New Zealand Government stock ..	4,548		
Cash on hand and at bank ..	..		

Total National Savings Securities			4,548
Fixed assets:			
Land and Buildings	4,116,856	323,128	3,793,728
Vehicles			
Equipment			
Furniture			
etc.	1,181,075	636,587	544,488
Total fixed assets ..			4,338,216

\$121,579,486

## PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1981

Interest to depositors—		\$
On open accounts ..	1,901,252	
Closed accounts, matured investments accounts, term deposits and redeemed housing bonds ..	2,176,150	
Accrued on investment accounts, term deposits and housing bonds ..	1,935,816	
Home layby accounts—suspensory free deposits ..	..	
(Sub-Total) ..	6,013,218	
Administration expenses ..	3,486,349	
Trustees honoraria ..	20,000	
Depreciation ..	117,225	
Deferred maintenance ..	200,000	
Provision for taxation ..	742,916	
Net profit—carried down ..	726,422	
		\$11,306,130

Interest on investments—		
From New Zealand Government stock ..	3,231,084	
From New Zealand Government treasury bills ..	..	
From local authority stock ..	622,576	
From mortgages ..	5,214,997	
From other sources ..	1,856,653	
(Sub-Total) ..	10,925,310	
Income from other sources ..	362,243	
Net profit on sale of New Zealand Government and local authority securities ..	18,577	
		\$11,306,130

## APPROPRIATION ACCOUNT

Provision for donations ..	85,000
Under provision for donations—31/3/80 ..	10,000
Transfer to reserve ..	631,422
	\$726,422
Net profit brought down ..	726,422
	\$726,422

W. R. ARCHER, President.

V. J. PETRIE, General Manager.

The Auditors' Report to the Trustees of the Southland Savings Bank and the Notes to the Accounts, which are attached, form part of and are to be read in conjunction with these financial statements.

Invercargill, 6th May 1981.

## SOUTHLAND SAVINGS BANK

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 1981

1. *Statement of Accounting Policies*—The general accounting principles recommended by the New Zealand Society of Accountants for the measurement and reporting of results based on historic costs have been adopted in the preparation of these financial statements.

The particular accounting policies which the bank considers appropriate for the measurement and reporting of profit and financial position are detailed below:

## NEW ZEALAND GOVERNMENT STOCK

It is the normal policy of the Bank to hold Government Stock until maturity. On this basis, from 1 April 1980, the stock has been shown at face value less the unamortised discount on stock purchased at other than face value.

Prior to 1 April, 1980, Government stock was recorded at face value and the difference between the cost and face value transferred direct to the reserve fund.

In some cases, low yielding Government stock has been sold for tax purposes in sale and purchase arrangements and the stock purchased is shown at the cost of the original holding.

## TAXATION

Provision for taxation charged against profits is the estimated expense relating to the results for the year.

Provision for deferred taxation relates to timing differences on accrued interest income, depreciation and profits and losses on the sale and purchase of New Zealand Government Stock.

## DEPRECIATION

Depreciation has been calculated by applying Inland Revenue department rates, except for data processing equipment, which has been depreciated on a straightline basis. First year depreciation has been included where applicable.

The difference between the adopted policy and the straightline basis is not considered to be material.

The principal annual rates used are:

Buildings ..	1-2% on cost
Furniture, fittings and equipment ..	10-20% on diminishing value
Data processing equipment ..	Straightline over seven years

2. *Government stock*—New Zealand Government stock at 31 March, 1981:

	\$
Face value ..	41,296,722
Cost price ..	41,169,903
Estimated market value ..	33,873,580

It is the bank's policy to hold these investments until maturity date.

3. *Deferred maintenance*—A provision of \$200,000 has been made in the profit and loss account for the upgrading of the Don Street frontage of the Head Office Building. A firm commitment had not been made at 31 March, 1981. This amount is not allowable as a deduction for taxation until the expenditure has been incurred.

4. *Deferred taxation*—Deferred taxation arises because of timing differences in respect of the increase in interest accrued \$233,038, the sale of Government stock \$183,429, and depreciation \$1,559.

5. *Commitments at 31 March, 1981*—

(a) Property, buildings and equipment ..	\$315,000
(b) Mortgages, term loans and personal loans approved but not advanced ..	\$2,543,673

6. *Reserve fund*—

	1981	1980
	\$	\$
Balance 1 April ..	5,562,710	5,118,417
add		
Gain on sale of Winton property ..	389	—
Gain on sale of Queenstown property ..	..	83,343
Gain on sale of Tapanui property ..	..	25,100
Gain on sale of S.C.P. Ltd. shares ..	1,600	..
Net profit for year ..	631,421	659,809
	\$6,196,120	\$5,886,669

Less

Investment fluctuation account ..	..	49,002
Transfer ..	..	..
Provision for deferred taxation ..	..	..
Transfer ..	..	274,957

Balance 31 March .. .. \$6,196,120 \$5,562,710