

Current assets—			
Cash resources ..	10,530,220	16,494,865	
Interest due and accrued on investments ..	2,050,609	1,509,201	
Sundry debtors ..	212,599	8,220	
Remittance in transit ..	1,438,007		
Taxation refund due ..	185,518	62,338	
	14,416,953		18,074,624
Investments—			
New Zealand Government stock ..	(4) 50,046,436	41,249,729	
Local authority securities ..	7,646,392	7,473,078	
Mortgages and term loans ..	65,913,096	48,159,418	
Personal loans ..	2,548,868	1,812,149	
Other investments ..	1,792,376	459,273	
Northern Trustee Computer Bank Ltd. ..	208,153	175,153	
	128,155,321	99,328,800	
National savings securities ..	13,000	13,000	
Total investments ..	128,168,321	99,341,800	
Fixed assets .. (5)	5,315,919	4,163,061	
	147,901,193	121,579,485	

W. R. ARCHER, President.
V. J. PETRIE, General Manager.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1982	1981
Funds were received from—		
Depositors ..	23,119,022	17,475,028
Operations ..		
Net profit after tax ..	1,041,915	726,422
Depreciation ..	203,725	117,225
Return of loan and investment principal mortgage and term loans ..	7,896,190	4,772,978
Personal loans ..	2,403,015	1,672,627
New Zealand Government securities ..	4,605,851	1,000,000
Local authority securities ..	904,786	663,265
Decrease in working capital ..	5,918,442	
	\$46,092,946	\$26,427,545
These funds were applied to—		
Investments—		
Mortgages and term loans ..	25,649,868	12,104,697
Personal loans ..	3,139,734	2,106,427
New Zealand Government securities ..	13,402,558	6,961,459
Local authority securities ..	1,078,100	699,600
Other investments ..	1,366,103	634,426
Fixed assets ..	1,356,583	132,296
Increase in working capital ..		3,693,640
Donations ..	100,000	95,000
	\$46,092,946	\$26,427,545

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1982

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:

Recognition of Income—Income reported in the profit statement was earned in the current income year and includes the amortisation of premiums, and discounts on the purchase of Government and local authority stock.

Interest earned from personal loans is taken to account using the Rule 78 method of allocation.

Depreciation—Fixed assets, except for data processing equipment are depreciated by applying rates approved by the Inland Revenue Department including first year allowance where applicable.

Data processing equipment is depreciated on a straightline basis at rates estimated to write off the cost of the assets over their useful life.

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

Principal rates used are—

Building ..	1 percent to 2 percent cost price.
Furniture, fittings and equipment ..	10 percent to 20 percent diminishing value.
Data processing equipment ..	14 percent cost price.

Valuation of Assets—All current assets and investments are shown at cost with the exception of Government and local authority stock. On the basis that these will normally be held to maturity they have been valued at cost, adjusted by the amortisation of premiums or discounts on purchase, calculated on a yield basis, over the term of the stock. Stock purchased prior to 1 April 1980 has been included at face value.

In some cases, low yielding Government stock has been sold for tax purposes in sale and purchase arrangements and 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.

Changes in Accounting Policies—Accounting policies have been changed to include an accrual for holiday pay due but unpaid at 31 March 1982. This has reduced the net profit after taxation by \$77,550.

2. Provision for Deferred Maintenance—The amount provided in the 1981 accounts has yet to be expended. It is expected that this provision will be used in the current financial year or written back in the profit statement.

3. Deferred Taxation—Deferred taxation arises because of timing differences in respect of the increase in interest accrued \$214,748, the sale of Government Stock \$458,616, and depreciation \$28,235.

4. Government Stock—New Zealand Government stock held at 31 March:

	1982	1981
	\$	\$
Face value ..	50,103,571	41,288,270
Less unamortized premiums and discounts ..	57,135	38,541
Book value ..	50,046,436	41,249,729

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 maturity dates. During the 1982 year a parcel of Stock was sold at a loss with the proceeds reinvested to give the bank an improved return. The estimated market value of Government Stock at 31 March 1982 was \$43,955,647 (1981 \$33,873,580).

5. Fixed Assets—

	Cost	Depreciation to Date	Book Value 1982	1981
Land ..	529,340		529,340	399,807
Buildings ..	4,304,433	375,189	3,929,244	3,393,920
Furniture, fittings and equipment and vehicles ..	E.D.P. motor 1,599,598	742,263	857,335	369,334
Totals 1982 ..	\$6,433,371	\$1,117,452	\$5,315,919	\$4,163,061
Totals 1981 ..	\$5,122,775	\$959,714	\$4,163,061	

The estimated current value of the Bank's properties, based on the latest Government valuations for land, with additions since the valuation dates at cost, and insurance indemnity values for buildings, is \$8,078,819.

6. Contingent Liabilities and Commitments—

	1982	1981
	\$	\$
Commitments for mortgages, term loans, personal loans and local authority stock approved but not advanced ..	3,395,200	2,543,673
Capital commitments entered into in respect of land, buildings and equipment ..	317,600	315,000

AUDITORS' REPORT TO THE TRUSTEES OF THE SOUTHLAND 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 financial statements give, using the historical cost method, a true and fair view of the financial position of the Bank at 31 March 1982, and the results of its operations and the source and application of funds for the year ending on that date.

HUTCHISON HULL AND Co., Chartered Accountants.
24 May 1982, Invercargill.