

(b) Particular accounting principles—The following particular accounting principles which materially affect the measurement of profit and financial position have been applied:

(i) Interest Income—Interest is recognised on an accrual basis. Term and personal loan interest excludes unearned interest, and has been apportioned according to the rule of 78 method.

(ii) Fixed Assets—All fixed assets are valued at cost less accumulated depreciation with the exception of land and buildings which have been revalued to 90 percent of professional valuations.

For accounting purposes, depreciation is calculated using straight line rates based on the economic life of the assets. The following lives have been estimated:

Buildings	..	40—50 years
Furniture and Fittings	..	7—10 years
Office equipment	..	7—10 years
Motor vehicles	..	3 years to estimate residual value.

(iii) Taxation—The charge for income tax is the amount of the tax liability in respect of the accounting profit for the year and includes both current and deferred tax.

Deferred taxation arises from timing differences between accounting and taxation recognition of income and expenditure. These differences relate to depreciation and investment income.

(iv) Current Assets—Debtors are valued at expected realisable value. Stock on hand as shown in the balance sheet represents bulk stationery supplies valued at cost less a provision for obsolescence.

(v) Investments—Investments are disclosed at cost except for Government stock which is at cost adjusted by interest accrued contained in the purchase price, and by the amortisation on a straight line basis of premiums and discounts over the term of the investment. In accordance with this policy the amortisation credited to revenue for this financial year amounts to \$56,832 (1981—\$3,280 debit).

(c) Changes in Accounting Policies—There have been no changes in accounting policies that would have a material effect on the determination of profit for the year.

2. Investments:

	1982		1981	
	Nominal Value \$	Book Value \$	Nominal Value \$	Book Value \$
N.Z. Government Stock	46,219,147	45,948,562	36,514,175	36,535,763
Local Authority Stock	149,283	149,283	164,668	164,668
	<u>46,368,430</u>	<u>46,097,845</u>	<u>36,678,843</u>	<u>36,700,431</u>

The market value of the bank's Government stock holding is \$41,007,234. Since Stocks are generally held until dates of maturity, differences in market value and book value have little financial effect on the bank.

3. Fixed Assets:

	Cost	1982		Cost	1981	
		Accum. Depn.	Book Value		Accum. Depn.	Book Value
Freehold buildings	1,227,988	113,234	1,114,754	1,105,878	89,309	1,016,569
Office machinery	1,031,170	363,178	667,992	727,368	254,381	472,987
Other fixed assets	775,856	373,572	402,284	633,635	292,684	340,951
	<u>3,035,014</u>	<u>849,984</u>	<u>2,185,030</u>	<u>2,466,881</u>	<u>636,374</u>	<u>1,830,507</u>
Land at valuation	553,950	—	553,950	333,773	—	333,773
Total fixed assets	<u>\$3,588,964</u>	<u>\$849,984</u>	<u>\$2,738,980</u>	<u>\$2,800,654</u>	<u>\$636,374</u>	<u>\$2,164,280</u>

The current Government valuation of land and buildings is \$1,003,500. Costs of additions since: \$444,180.

4. Administration Expenses:

	1982	1981
	\$	\$
Included in the above are:		
Audit fee	.. 15,000	10,000
Depreciation	.. 219,544	160,055
Mortgage interest	.. 43,110	30,448
Trustees fees	.. 22,346	18,870

5. Commitments:

Loans approved but not yet uplifted	.. 3,401,000
Premises development	.. 555,292

6. Contingent Liabilities:

Bonds and indemnities	.. 17,500
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AUDITORS' REPORT TO THE TRUSTEES OF THE EASTERN AND CENTRAL SAVINGS BANK

We have examined the balance sheet of the bank as at 31 March 1982, and the related revenue account and statement of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, revenue account and statement of changes in financial position present fairly, using the historical cost method, the financial position of the bank at 31 March 1982, and the results of its operations and the changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on the basis consistent with that of the preceding year.

BROWN WEBB AND CO., Chartered Accountants.

Hastings, 24 May 1982.

I hereby certify that to the best of my knowledge and belief, all requirements of the Trustee Savings Bank Act 1948, and regulations thereunder, have been complied with in respect of the Eastern and Central Savings Bank for the year ended 31 March 1982.

E. ROBERTSON, General Manager.

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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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