

SOUTH CANTERBURY SAVINGS BANK

NOTES FORMING PART OF THE ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 1982

Statement of Accounting Policies

THE general accounting principles as recommended by the New Zealand Society of Accountants for the measurement and reporting of profit on an historical cost basis have been followed by the Bank. Depreciation is not calculated on the straight line basis and a separate note regarding this item is set out in paragraph 2 (a) below.

The following particular accounting policies which materially affect the measurement and reporting of profit and the Bank's financial position have with the exception noted in 1 (b) been consistently applied—

1. Revenue Recognition—

- (a) Interest received from investments includes interest accrued to 31 March 1982.
- (b) Personal loans have been adjusted for interest yet to mature as shown in the balance sheet. The Bank's policy is to add interest to the advance at the commencement of the loan. This amount is brought into revenue during the appropriate financial years by applying the "Rule of 78". During the year just ended the personal loan records have been computerised and on the conversion some minor changes in accounting policies have been necessary in respect of the apportionment of interest between account periods. This has resulted in the deferment of interest amounting to \$6,951 from the current year to be brought into revenue over the remaining term of these particular loans. It is not considered that this amount would materially affect the results for the year.

- (c) Interest paid and accrued on depositors' investment accounts has been calculated at the full rate payable on the assumption that all deposits will reach maturity.

2. Fixed Assets and Depreciation—

- (a) The Fixed Assets, other than the computer equipment, have been depreciated at ordinary depreciation rates as approved by the Inland Revenue Department. Computer equipment has been depreciated at the first year rate of 25 percent of cost price and thereafter at 20 percent of the diminishing value each year. All assets still in use are included in the books and it is calculated that the depreciation rates being used will write off the items over the period of their useful lives. In accordance with the Bank's established policy no additional depreciation as provided for in the rates set by the Inland Revenue Department on the purchase of assets (other than the computer equipment) have been claimed for taxation purposes.

(b)

	1982		
	Cost	Accumulated Depreciation	Book Value
	\$	\$	\$
Land	125,817		125,817
Buildings	381,990	33,407	348,583
	507,807	33,407	474,400
Leasehold premises	26,055	13,410	12,645
Office equipment and furniture	618,904	296,659	322,245
Motor vehicles	50,506	13,212	37,294
	<u>\$1,203,272</u>	<u>\$356,688</u>	<u>\$846,584</u>
	1981		
	Cost	Accumulated Depreciation	Book Value
	\$	\$	\$
Land	53,023		53,023
Buildings	282,939	26,705	256,234
	335,962	26,705	309,257
Leasehold premises	22,214	11,274	10,940
Office equipment and furniture	511,168	234,639	276,529
Motor vehicles	45,166	7,173	37,993
	<u>914,510</u>	<u>279,791</u>	<u>634,719</u>

(c) Investments—

- (c) The New Zealand Government Stock and Local Authority Securities are shown at face value and are generally held to maturity. The premium redemption due on maturity of Government Stock purchased under par is shown as a reserve to be brought into income either upon maturity or sale of the stock concerned. Similarly the premium paid during the year on the purchase of Government stock which is shown in the Balance Sheet will be written off as a loss on maturity or earlier sale of the particular stock.

4. *Mortgages*—Mortgage applications approved but for which the funds have not been uplifted at 31 March 1982 amount to \$855,400.

5. *Property*—The Bank owns property in Timaru, Temuka, Fairlie, Waimate, Ashburton, Methven and Geraldine. It leases property in Ashburton, Geraldine, Tinwald, Pleasant Point, Methven and Timaru. The leases have been negotiated to provide long-term tenancy options.

6. Charges and Administration Expenses—

Included in the above are:

	1982		1981	
	\$	\$	\$	\$
Audit Fee—Normal duties	12,000		11,680	
Other services	11,640		6,000	
	23,640		17,680	
Rent of leasehold premises		43,857		28,119

7. *Taxation*—The amount provided for income tax is the amount of the calculated tax liability in respect of the accounting profit shown for the year by the Profit and Loss Account.

	1982		1981	
	\$	\$	\$	\$
Balance of taxation provision at previous 31 March	83,918 (overpaid)		81,130	
Provision for taxation current year	179,719		100,974	
	95,801		182,104	
Payments—Terminal tax			81,130	
Provisional tax—current year	33,700		184,892	
	<u>\$62,101 (payable)</u>		<u>\$83,918 (overpaid)</u>	

After the approval and payment of annual grants the Bank makes application for a rebate of taxation on qualifying donations. In this accounting period a rebate of \$9,244 was received and credited to Revenue Reserve.

STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED 31 MARCH 1982

	1982		1981	
	\$	\$	\$	\$
Funds were received from—				
Operations—				
Net profit after tax	219,657		123,413	
Adjustments for items not involving the movement of funds:				
Depreciation	76,897		72,239	
	296,554		195,652	
Repayments of Principal—				
Government securities	860,000		26,050	
Local authority securities	58,963		2,896,003	
Mortgages	4,917,700		661,129	
Personal loans	903,475			
	6,740,138		3,583,182	
Increase in other liabilities and provisions	7,274,746		8,415,793	
	<u>\$14,311,438</u>		<u>\$12,194,627</u>	
These funds were applied to—				
Net capital expenditure—				
Land and buildings	171,846		111,595	
Other assets	116,917		154,763	
	288,763		266,358	
New investments in—				
Government securities	2,125,500		3,500,000	
Local authority securities	10,000		93,750	
Mortgages	9,467,375		7,099,853	
Personal loans/visa/term loans	1,851,173		1,024,885	
	13,454,048		11,718,488	
Net increase in cash—				
Resources	533,627		154,696	
Grants	35,000		30,000	
Premium on Government stock			23,085	
	<u>\$14,311,438</u>		<u>\$12,194,627</u>	

WANGANUI SAVINGS BANK
BALANCE SHEET AS AT 31 MARCH 1982

	1982		1981	
	\$	\$	\$	\$
Depositors accounts—				
Savings	23,591,798		21,482,059	
Personal cheque	2,480,616		1,786,052	
Investment	24,155,543		19,945,698	
Housing bonds	1,859,560		791,660	
Accrued interest	694,753		565,193	
Total liability to depositors—		52,782,270		44,570,662