

Investments—

N.Z. Government stock (face value)	19,961,500	16,865,500
Local authority securities	60,000	2,279,933
Mortgages	24,918,210	23,819,595
Personal loans	1,864,037	
Less interest yet to mature	<u>318,978</u>	
	1,545,059	1,169,072
Term loans	1,698,688	444,658
Visa/overdrafts	<u>253,992</u>	<u>144,886</u>
	48,437,449	44,723,644
<i>Fixed assets: (note 2)</i>		
Land	126,273	125,817
Buildings	<u>416,967</u>	<u>348,583</u>
	543,240	474,400
Leasehold premises	19,411	12,645
Office equipment and furniture	386,675	322,245
Motor vehicles	<u>51,042</u>	<u>37,294</u>
	1,000,368	846,584
Premium paid on purchase of Government stock	25,085	25,085
	<u>\$56,274,979</u>	<u>\$49,382,177</u>

PROFIT AND LOSS ACCOUNT FOR YEAR ENDING 31 MARCH 1983

	1983	1982
	\$	\$
Interest credited and accrued to depositors	4,191,086	3,424,263
Charges and administration expenditure	2,041,540	1,680,110
Depreciation	104,355	78,925
Trustees fees	15,050	15,269
Provision for taxation	135,997	179,719
Nett profit to profit and loss appropriation account	166,219	219,627
	<u>\$6,654,247</u>	<u>\$5,597,943</u>

	1983	1983	1982
	\$	\$	\$
Interest—			
N.Z. Government stock	1,832,770	1,582,723	
Local authorities	63,764	212,425	
Fixed deposits	677,578	464,503	
Visa/overdrafts	53,307	16,929	
Mortgages	3,481,069	3,002,573	
Personal loans	265,265	183,429	
Term received	<u>124,215</u>	<u>40,362</u>	
Total investment income	6,497,968	5,502,944	
Commission, brokerage etc.	104,247	87,004	
Profit on sale of Government stock	45,392		
Rents received	6,640	7,995	
	<u>\$6,654,247</u>	<u>\$5,597,943</u>	

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR YEAR ENDING 31 MARCH 1983

Provision for grants	35,000	35,000
Balance to reserve fund	<u>145,411</u>	<u>193,901</u>
	<u>\$180,411</u>	<u>\$228,901</u>
Net profit from profit and loss account	166,219	219,657
Refund of income tax	<u>14,192</u>	<u>9,244</u>
	<u>\$180,411</u>	<u>\$228,901</u>

A. H. CARLTON, President.

D. R. PARKER, General Manager.

AUDITORS' REPORT

WE the undersigned, being the auditors of the South Canterbury Savings Bank appointed in terms of section 29 (3) of the Trustee Savings Banks Act 1948, report that: we have examined the balance sheet and accompanying financial statements and notes to the accounts for the year ended 31 March 1983. Our examination was

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made in accordance with the general principles of auditing and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have obtained all the information and explanations that we have required and in our opinion proper books of account have been kept by the bank and the accompanying balance sheet together with the profit and financial loss account and the notes attached thereto give a true and fair view of the the financial position of the bank as at 31 March 1983 and the results of its operations and the source and application of funds for the year then ended.

Dated at Timaru this 23rd day of May 1983.

HUBBARD CHURCHER & CO., Chartered Accountants.

NOTES TO ACCOUNTS FOR YEAR ENDED 31 MARCH 1983

STATEMENT of accounting policies—The general accounting principles 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.

The following particular accounting policies have been applied.

(a) *Recognition of Income and Expenditure—*

- Investment income includes interest accrued to 31 March.
- Interest on personal loans is added at the commencement of the loan. This amount is brought into revenue during the appropriate financial years by applying the "Rule of 78".
- Interest on savings and current accounts represents interest credited at 31 March and the interest paid on closed accounts during the year. Investments accounts which are credited with interest during the year have an appropriate adjustment made for the interest accrued to 31 March.
- 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.

(b) *Fixed Assets and Depreciation—*

(a) The fixed assets, have been depreciated at depreciation rates approved by the Inland Revenue Department. Computer equipment has been depreciated at the first year rate of 25 percent of cost price and there after 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) It is considered that the amount charged in the profit and loss account does not differ materially from that which would result from calculating depreciation had the straight line method been adopted.

(c) *Investments—*The New Zealand Government stock and local authority securities have generally been held to maturity but in the year just ended there has been a departure from this practice. The bank has replaced a number of its investments in order to obtain an improved yield over a longer term but at the present time it does not intend to engage in trading in investments as part of normal business activities. The stock and securities are recorded at face value on purchase. Premium redemptions and discounts due on maturity of Government stock purchased under par are held in reserve to be brought into account upon maturity or sale of the stock concerned. Similarly any premium paid on the purchase of Government stock is also held in reserve to be written off as a loss on maturity or earlier sale of the particular stock.

(a) *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.

Note 2

	1983		1982	
	Cost \$	Accumulated Depreciation \$	Cost \$	Accumulated Depreciation \$
Fixed assets:				
Land	126,273	126,273	125,817	125,817
Buildings	459,565	42,598	416,967	33,407
	585,838	42,598	543,240	33,407
Leasehold premises	29,953	10,542	19,411	26,055
Office equipment and furniture	763,757	377,082	386,675	618,904
Motor vehicles	67,244	16,202	51,042	50,506
	<u>\$1,446,792</u>	<u>\$446,424</u>	<u>\$1,000,368</u>	<u>\$356,688</u>
			<u>\$1,203,272</u>	<u>\$846,584</u>

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