

Other expenses—Other expenses, including expenditure on computer programme development, are charged to the accounts in the year in which the expenditure is incurred.

Depreciation—Fixed assets, other than freehold land, are depreciated on a straight line basis at rates estimated to write off the cost less residual value over the useful life of each class of asset.

The principal annual rates in use are:

Buildings	1 percent to 2.5 percent
Computer equipment, office furniture and motor vehicles	10 percent to 15 percent

As land and buildings were revalued as at 31 March 1983, depreciation for the current year was charged on the same basis as in previous years.

Taxation—Taxation charged against profits for the year is the estimated expense for the year. Tax allocation accounting has been adopted by the bank for significant timing differences in respect of accrued investment income, depreciation, capital profits and losses, and amortisations of Government and local authority stock purchases and sales.

Valuation of Assets

Current assets and investments—All current assets and investments are shown at cost with the exception of Government and local authority stock. From 1 April 1980, stock has been valued at cost adjusted by the amortisation of the discount or premium on purchase, calculated on a yield basis, over the term of the stock. The discount or premium is calculated after adjusting for interest accrued in the purchase price. Government and local authority stock purchased prior to 1 April 1980 and still held at balance date is recorded at face value.

In certain circumstances low yielding Government stock has been realised for long term cash flow and profit advantage. Replacement stock purchased to maintain the required level of investment has been valued in line with the valuation policy adopted for the stock previously held.

Fixed assets—Fixed assets are shown at cost with the exception of land and buildings which are valued at 90 percent of an independent valuation.

Changes in Accounting Policies

Except for the revaluation of land and buildings there has been no change in the accounting policies this year.

NOTE 2:

Government and Local Authority Stock

	Local Government Authority	
Face value at 31 March 1983	64,857,533	365,348
Less unamortised premiums and discounts	2,707,611	15,017
	<u>\$62,149,922</u>	<u>\$350,331</u>
Original cost	\$62,102,304	\$328,582

New Zealand Government stock is held pursuant to the statutory requirements of the Trustee Savings Bank Act 1948 and subsequent amendments and is based on the face value.

NOTE 3:

Fixed Assets	90 percent of Inde- pendent Valuation		Deprecia- tion to Date	Book Value	
	Cost			1983	1982
Land	1,120,680			1,120,680	448,911
Buildings	4,824,270	607,084	24,871	5,406,483	2,377,306
	<u>5,944,950</u>	<u>607,084</u>	<u>24,871</u>	<u>6,527,163</u>	<u>2,826,217</u>
Computers, motor vehicles, office equipment and furniture		2,549,710	819,292	1,730,418	1,443,559
Totals 1983	<u>\$5,944,950</u>	<u>\$3,156,794</u>	<u>\$844,163</u>	<u>\$8,257,581</u>	<u>\$4,269,776</u>
Totals 1982		<u>\$5,658,022</u>	<u>\$1,388,246</u>	<u>\$4,269,776</u>	

Freehold land and buildings were written up to 90 percent of a registered valuation as at 31 March 1983. Capital work in progress and leasehold properties are shown at cost.

The latest Government valuations of land and buildings dated from 1 July 1981, plus subsequent additions at cost, amount to \$5,459,000

Capital commitments outstanding at 31 March 1983 amount to \$600,000 (1982, \$60,000).

NOTE 4:

Taxation

Taxation due in respect of the current year is \$109,907. The charge for deferred taxation consists of taxation payable in future years on timing differences arising through the amortisation and the sale of stock \$551,617, the decrease in interest accrued \$167,015, the increase in depreciation \$48,221 and other items \$6,486.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1983 \$	1982 \$
<i>Funds were provided—</i>		
From depositors	13,051,387	16,058,255
From operations	894,410	774,560
Profit after taxation	313,529	219,576
Depreciation	<u>14,259,326</u>	<u>17,052,391</u>
Less grants paid	99,150	95,920
	<u>14,160,176</u>	<u>16,956,471</u>
Increase in other liabilities and taxation provisions	1,326,719	1,432,692
	<u>\$15,486,895</u>	<u>\$18,389,163</u>
<i>These funds were invested in—</i>		
Mortgages, new advances	15,966,409	23,904,541
Less repayments	<u>10,183,441</u>	<u>10,677,457</u>
	5,782,968	13,227,084
Government stock and local authority stock	(2,080,635)	1,384,320
Personal loans	<u>1,811,631</u>	<u>2,681,547</u>
Total investments	5,513,964	17,292,951
Fixed assets	971,314	1,526,800
Current assets	<u>9,001,617</u>	<u>(430,588)</u>
	<u>\$15,486,895</u>	<u>\$18,389,163</u>

AUDITORS' REPORT TO THE TRUSTEES OF THE OTAGO 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 modified by the revaluation of land and buildings, a true and fair view of the financial position of the bank at 31 March 1983, and the results of its operations and the source and application of funds for the year ending on that date.

Dunedin, 2 May 1983.

GILFILLAN MORRIS & CO.

HUTCHISON HULL & CO.

Chartered Accountants.

CONTENTS

	PAGE
ADVERTISEMENTS	2681
APPOINTMENTS	2655
BANKRUPTCY NOTICES	2679
DEFENCE NOTICES	2654
LAND TRANSFER ACT: NOTICES	2680
MISCELLANEOUS—	
Apple and Pear Marketing Act: Notice	2671
Commerce Act: Notice	2677
Corrigendum	2653
Customs Tariff: Notices	2675
Electricity Act: Notice	2669
Heavy Motor Vehicles Regulations: Notice	2671
Land Act: Notices	2664
Local Government Act: Notices	2664
Maori Affairs Act: Notices	2668
Marriage Act: Notices	2655, 2671
Milk Act: Notice	2672
N.Z. Railways Corporation Act: Notices	2668
Pork Industry Board Act: Notice	2672
Post Office Act: Notice	2670
Price Freeze Regulations: Notice	2670
Public Works Act: Notices	2657
Regulations Act: Notice	2679
Reserves Act: Notices	2664, 2670
Reserve Bank: Exchange Rates	2674
Sale of Liquor Act: Notices	2671
Schedule of Contracts: Notices	2677
Standards Act: Notices	2671, 2673
Weights and Measures Amendment Act: Notice	2669
PROCLAMATIONS, ORDERS IN COUNCIL, AND WARRANTS	2654