

	1983	1982
	\$	\$
Investments (see note 2)		
N.Z. Government stock and local authority stock	49,913,812	46,097,845
Mortgages	64,491,378	63,192,666
Term loans	4,099,662	1,459,692
Overdraft advances and trusteebank visa	2,138,477	1,857,226
Personal loans (net of unearned interest)	6,463,413	7,420,658
	127,106,742	120,028,087
Fixed assets (see note 3)		
At cost or valuation	4,742,726	3,588,964
Less: Accumulated depreciation	1,112,597	849,984
	3,630,129	2,738,980
Total assets	\$148,542,017	\$133,498,819

	1983	1982
	\$	\$
Less: liabilities—		
Depositors' funds—		
Savings accounts	59,563,558	60,908,013
Cheque accounts	8,167,673	6,595,791
Term investments	73,517,176	60,113,531
Depositors' balances	141,248,407	127,617,335
Add: Accrued interest	3,099,363	2,466,650
	144,347,770	130,083,985
Less: Items in transit	2,580,467	2,187,665
Net liability to depositors	141,767,303	127,896,320
Current liabilities—		
Provision for donations	70,000	70,000
Sundry Creditors	460,119	347,254
Provision for current taxation	621,461	591,804
Less: Provisional tax paid	593,331	(413,513)
Mortgage instalments due within one year	41,333	28,000
	599,582	623,545
Term liabilities—		
Mortgages	597,333	342,000
Provision for deferred taxation	574,143	634,122
Housing Corporation of N.Z.	381,558	120,459
	1,553,034	1,096,581
Total liabilities	143,919,919	129,616,446
Excess of assets over liabilities	4,622,098	3,882,373
Represented by—		
Retained earnings 1 April 1982	3,552,516	2,534,080
Add: Transferred from profit statement	658,406	1,018,436
General Reserve 31 March 1983	4,210,922	3,552,516
Property revaluation reserve 1 April 1982	305,755	143,687
Add: Net revaluation for year	61,294	162,068
Special reserve term and personal loans	44,127	24,102
Total reserve fund	\$4,622,098	\$3,882,373

N. J. TOOMEY, President.
E. ROBERTSON, General Manager.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR YEAR ENDED 31 MARCH 1983

	1983	1982
	\$	\$
Funds were provided:		
From operations—		
Tax paid profits	748,356	1,102,475
Adjustment for items not involving movement of funds:		
Depreciation	\$290,934	219,544
Less investment amortisation	87,425	(56,832)
Total funds from operations	951,865	1,265,187
From other sources—		
Increase in depositors balances repayments of principal—	13,870,983	28,735,375
N.Z. Government and local authority stock	5,402,839	2,201,178
Mortgages	12,007,512	10,922,139
Term and personal loans	2,971,803	2,489,894
Increase in long term borrowing	516,432	61,292
	35,721,434	45,675,065
Funds were applied to:		
New Investments in—		
N.Z. Government and local authority stock	9,131,381	11,541,760
Mortgages	13,306,224	19,838,030
Overdraft advances and trusteebank visa (net)	281,251	1,276,866
Term and personal loans	4,654,528	7,686,944
Fixed assets additions (net)	1,120,789	632,176
Deferred taxation	59,979	(226,391)
Provision for donations (net)	69,925	69,830
Increase in working capital	7,097,357	4,855,850
	\$35,721,434	\$45,675,065

PROFIT STATEMENT FOR YEAR ENDED 31 MARCH 1983

	1983	1982
	\$	\$
Income—Interest		
N.Z. Government stock	4,676,905	4,017,650
Local authority stock	10,605	30,686
Mortgages, term and personal loans	11,171,277	9,554,138
Term deposits and overdrafts	1,672,834	1,393,804
	17,531,621	14,996,278
Investment amortisation	87,425	56,832
Commissions, rents, fees, etc.	397,702	402,075
Profit on sale of assets and investments	82,457	(12,957)
Total income	18,099,205	15,442,228
Less: Expenses—		
Interest on depositors' funds	10,989,349	8,766,797
Administration expenses (see Note 4)	5,794,979	4,796,927
Total expenses	16,784,328	13,563,724
Net profit: before taxation	1,314,877	1,878,504
Less: taxation		
Current	621,461	591,804
Prior year	5,039	(42,166)
	626,500	549,638
Deferred tax—reversal	59,979	(226,391)
	566,521	776,029
Tax paid profit for year	748,356	1,102,475
Add: Unclaimed donations	75	170
	748,431	1,102,645
Less Appropriation—		
Provision for donations	70,000	70,000
Special reserve term and personal loans	20,025	14,209
Balance: transferred to general reserve	\$658,406	\$1,018,436

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies:

(a) General accounting principles—The general accounting principles as recommended by the New Zealand Society of Accountants for the measurement and reporting of profit and financial position under the historical cost method has been followed in the preparation of these accounts, except for the revaluation of land and buildings.

(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. 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 estimated 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 \$87,425 (1982—\$56,832).

(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.