

	1983	1982
Loss on sale of securities—(note 1)	\$ 716,768.98	\$ 420,392.85
Provision for taxation	767,769.00	420,392.00
Associate company—adjustment due to change in accounting policy		16,213
		<u>687,147</u>
Net profit	<u>1,039,653.41</u>	<u>703,360.00</u>
	<u>\$16,209,004.92</u>	<u>\$12,894,175.39</u>
<i>Interest accrued and received from—</i>	1983	1982
	\$	\$
N.Z. Government stock	4,516,656.46	3,421,754.77
Local authority stock	23,948.74	95,762.68
Mortgages	9,127,998.03	6,885,491.14
Personal loans	480,303.77	293,374.95
Other sources	1,417,142.81	1,554,854.33
	<u>\$15,566,049.81</u>	<u>\$12,251,237.87</u>
Commission—travel department	297,816.75	212,269.10
Other commissions—fees and sundry receipts	300,241.56	307,102.28
Share of profit of associate company	1,780.00	13,762.92
Profit on sale of property	43,116.80	109,803.22
	<u>\$16,209,004.92</u>	<u>\$12,894,175.39</u>

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1983	1982
<i>Source of funds—</i>	\$	\$
Profit after tax	1,039,653	703,360
Depreciation	289,744	252,811
Total funds from operations	1,329,397	956,171
<i>From other sources—</i>		
Donation provision transferred	430	1,520
Increase in provision for donations	25,000	15,000
Depositors' funds	21,884,755	22,357,928
Deferred taxation	60,113	157,455
Decrease in working capital	..	3,766,070
Total source of funds	<u>\$23,299,695</u>	<u>\$27,254,144</u>
<i>Application of funds—</i>		
Net purchase of fixed assets	1,774,781	776,910
Investments	6,964,673	7,102,841
Mortgages and personal loans and overdrafts	11,141,279	19,024,305
Trustee bank visa outstanding	315,098	275,088
Provision for donations	100,000	75,000
Increase in working capital	3,003,864	..
	<u>\$23,299,695</u>	<u>\$27,254,144</u>
<i>Increase in working capital—</i>		
Cash	(490,043)	891,144
Fixed deposits	4,090,000	(4,390,000)
Debtors	(15,419)	56,367
Creditors	(124,717)	(79,825)
Taxation	(226,180)	(129,707)
Accrued interest on investments	169,114	176,377
Accrued interest on investment accounts	(398,891)	(290,426)
	<u>\$3,003,864</u>	<u>(\$3,766,070)</u>

## NOTES TO THE ACCOUNTS

Statement of accounting policies—The general accounting principles as recommended by the New Zealand Society of Accountants for the measurement and reporting of results and financial position on an historical cost basis have been followed in the preparation of these financial statements.

The following particular accounting policies which significantly affect the measurement of the Bank's profit and financial position have been applied on a basis consistent with the previous years.

Depreciation—Depreciable fixed assets 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 rates in use are:

- Buildings, 1 percent and 2½ percent.
- Office equipment, fixtures and fittings 10 percent and 20 percent.
- Computer equipment, 12 percent.

NOTE 1—Loss on sale of securities—Low coupon Government Stock has been sold during the year to allow the Bank to purchase higher yielding Government securities.

## NOTE 2—Term Investment Accounts—

	1983	1982
Under and including	\$	\$
1 year	36,660,330	30,858,792
1-2 years	18,406,409	13,997,135
2-3 years	4,656,452	5,448,303
3-5 years	4,496,690	1,670,000
	<u>\$64,219,881</u>	<u>\$51,974,230</u>

NOTE 3—Taxation—The charge for income tax is the amount of tax liability in respect of the accounting profit for the year.

The liability for deferred taxation arises from items of income and expenditure being included in taxation calculations in periods different from those in which they are dealt with in the financial accounts. The significant timing differences relate to depreciation and accrued income.

	1983	1982
<i>Current—</i>	\$	\$
Balance	132,751	3,044
Total tax provided in accounts	767,517	467,622
Less share of associate company	1,517	12,622
	<u>898,751</u>	<u>458,044</u>
<i>Less timing differences transferred to deferred tax</i>	60,113	157,455
	<u>838,638</u>	<u>300,589</u>
<i>Less tax paid</i>	479,707	167,838
Tax payable	<u>\$358,931</u>	<u>\$132,751</u>
<i>Deferred—</i>		
Provision for deferred tax	921,955	764,500
Plus movement	60,113	157,455
	<u>\$982,068</u>	<u>\$921,955</u>

NOTE 4—Fixed deposits—Coupon maturity dates cover the period 24 April 1983 to 6 October 1985. As these investments can be realised as liquidity conditions dictate they have been treated as current assets.

NOTE 5—New Zealand Government stock—New Zealand Government stock is recorded at par value less discount which is amortised over the term of the investment on a straight line basis. The cost price as at 31st March was as follows:

	1983	1982
	\$	\$
New Zealand Government stock	46,493,133	40,067,765

New Zealand Government stock is held pursuant to the ratio requirements of the Trustee Savings Bank Act 1948 and subsequent amendments. As at 31 March 1983, the estimated market value of the New Zealand Government stock portfolio was \$44,199,618.

NOTE 6—Personal loans—Interest on loans is added to the principal sum at the date of the advance. The interest revenue is recognised on the basis of the 'Rule of 78' method. Unearned interest as at 31 March was \$711,604 (1982: \$494,153).

NOTE 7—Northern Trustee Computerbank Ltd.—The ordinary share investment has been shown using the equity accounting basis. 1982 figures have been restated to reflect a change in accounting policy.

	1983	1982
	\$	\$
80 000 ordinary shares	80,000	80,000
Accumulated profits to previous year	74,172	90,436
Change in accounting policy	..	(16,213)
Share of profit current year	263	(51)
	<u>154,435</u>	<u>154,172</u>
Debentures (at cost)	33,000	33,000
	<u>\$187,435</u>	<u>\$187,172</u>

NOTE 8—Valuation of assets—Fixed assets are recorded at cost:

	Cost	Accumulated Depreciation	Book Value
	\$	\$	1983 \$ / 1982 \$
Land	718,454	..	718,454 / 299,555
Buildings	4,954,422	227,955	4,726,467 / 3,059,295
Plant, furniture and fittings	2,733,467	954,951	1,778,516 / 1,379,550
Total 1983	<u>8,406,343</u>	<u>1,182,906</u>	<u>7,223,437</u>
Total 1982	<u>5,719,804</u>	<u>981,404</u>	<u>4,738,400</u>

The latest Government valuation of land and buildings plus additions at cost are:

Date of Valuation	Land	Buildings	Total
1978	14,500	40,500	55,000
1979	15,500	289,654	305,154
1980	501,500	4,012,769	4,514,269
1981	110,800	318,700	429,500
1982	13,200	208,904	222,104
	<u>\$655,500</u>	<u>\$4,870,527</u>	<u>\$5,526,027</u>