

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1984

	1984 \$000	1983 \$000
<i>Income:</i>		
<i>Interest:</i>		
New Zealand Government securities	39,183	28,626
Local authorities securities	904	3,111
Mortgages	59,762	54,070
Other investments	18,449	14,170
	118,298	99,977
Rent, commissions, etc.	5,204	3,882
Profit on redemption—New Zealand Government securities		274
Profit on Sale—Local authorities securities	16	
Total Income	123,518	104,133
<i>Less Expenditure:</i>		
Interest credited and accrued to depositors	76,437	62,131
Charges and administration expenses etc.	30,902	28,909
Loss on sale—New Zealand Government securities	1,368	
Trustees fees and allowances	46	46
Depreciation	2,309	2,301
	111,062	93,387
Net profit before taxation	12,456	10,746
Less: Provision for taxation	5,103	4,604
Net profit for year	7,353	6,142
Balance of reserve fund 31 March 1983	47,243	41,742
Overprovision for donations		9
	54,596	47,893
Less: Provision for donations	650	650
Balance of reserve fund 31 March 1984	\$53,946	\$47,243

To be read in conjunction with the notes to the financial statements.

L. J. CHRYSTALL, President.

L. E. EDMONDS, General Manager.

Auckland, 15 May 1984.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1984

1. General Accounting Policies

(a) The measurement base adopted is that of historical cost. Reliance is placed on the fact that the Bank is a going concern.

(b) Accrual accounting is used to match expenses and revenues.

2. Particular Accounting Policies

Particular accounting policies used which significantly affect the measurement of the Bank's profit and its financial position, are set out below:

(a) Recognition of Income

Interest on investments is recognised as income for the period in which it is earned, rather than the period in which it is received. Interest charged on personal loans is apportioned over the term of the loan, using the "Rule of 78" method.

(b) Depreciation

Fixed assets are being depreciated on a straight line basis at rates which will write off the cost over their estimated useful lives to estimated residual values. The principal write off periods are:

Buildings	40–100 years
Computer and Office	
Calculating Equipment	5– 10 years
Furniture and Fittings	10– 15 years
Other Fixed Assets	3– 15 years

(c) Taxation

Taxation charged against net profit is the estimated expense relating to the result of the year. It includes an amount for taxation, the payment of which is deferred to future periods, because taxation practice differs from accounting policies in the treatment of:

(i) Interest accrued on investments

(ii) Depreciation charges

(iii) Interest accrued included in the purchase price of New Zealand Government securities.

(d) Investments

New Zealand Government and local authorities securities are stated at cost, excluding interest accrued at date of purchase. Such securities are normally held to maturity, and their value on redemption approximates cost.

3. Changes in Accounting Policies

There have been no material changes in accounting policies.

4. The loss on New Zealand Government Securities recorded this year resulted from the sale of low yielding securities, the proceeds from which were re-invested in higher yielding securities.

5. (a) Fixed Assets

	1984 \$000	1983 \$000
Land	4,711	4,549
Buildings	16,030	12,888
Accumulated depreciation	(1,692)	(1,571)
	14,338	11,317
Computer, other assets	22,248	21,152
Accumulated depreciation	(10,131)	(8,309)
	12,117	12,843
	\$31,166	\$28,709

(b) The above cost of land and buildings includes \$6,716,000 (1983 \$3,784,000) in respect of the Bank's share of property under development. This property is recorded at the purchase and development costs to date, including capitalised interest.

(c) Excluding (b) the Bank's land and buildings stated at net book value are \$12,333,000 (1983 \$12,081,000). The latest Government valuation received in respect of properties totalled \$31,882,000 (1983 \$21,733,000).

6. Supplemented Mortgages

During the year supplemented mortgages were advanced in conjunction with the Housing Corporation of New Zealand. The amount invested is included in investment mortgages, and the amount contributed by the Housing Corporation of New Zealand is recorded as a liability.

7. Commitments

	1984 \$000	1983 \$000
Capital expenditure commitments	2,761	4,452
Lending commitments approved but not advanced	27,006	14,778

AUDITORS' REPORT

We have audited the books and accounts of the Auckland Savings Bank for the year ended 31 March 1984 in accordance with generally accepted auditing standards, and have carried out such procedures as we considered necessary. In our opinion, the balance sheet and profit and loss account, together with the notes thereon, are properly drawn up so as to give using the historical cost method, a true and fair view of the financial affairs of the Auckland Savings Bank as at 31 March 1984 and the results of its operations for the year ended on that date, in accordance with section 43 (2) of the Trustee Banks Act 1983.

TOUCHE ROSS & CO., Chartered Accountants.

Auckland, 15 May 1984.

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