

<i>Current Assets</i>			
Cash resources and short term investment	20,154,351	16,172,285	
Interest due and accrued on investments	1,802,924	1,598,785	
Sundry debtors	272,399	213,356	
Remittances in transit	3,078,539	4,148,637	
Total Current Assets	25,308,213	22,133,063	
<i>Investments</i>			
New Zealand Government stock	4	88,646,383	65,145,754
Local authority securities		4,803,027	5,246,765
Mortgages and term loans		87,049,141	79,781,421
Personal loans		3,593,131	2,372,474
Overdrafts		4,879,764	3,586,716
Northern Trustee Computerbank Ltd.	5	337,086	187,435
Other investments		761,304	599,856
Total Investments		190,069,836	156,920,421
Fixed Assets		9,070,838	6,527,363
Total Assets		<u>\$224,448,887</u>	<u>\$185,580,847</u>

C. A. McCULLOCH, President.

V. J. PETRIE, General Manager.

The notes and statements of changes in financial position on pages 4215-4216 form part of these financial statements.

## STATEMENT OF CHANGES IN FINANCIAL POSITION

	1984	1983
<i>Funds were received from—</i>		
Depositors	36,157,796	34,588,926
Operations—		
Net profit after tax	1,489,552	1,331,863
Non cash expense—depreciation	344,894	299,176
<i>Return of Loan and Investment</i>		
<i>Principal</i>		
Mortgage and term loans	10,870,534	9,137,359
Personal loans	2,713,466	2,678,793
New Zealand Government securities	2,475,190	8,123,077
Local authority securities	798,158	2,758,372
	<u>\$54,849,590</u>	<u>\$58,917,566</u>
<i>Funds were applied to—</i>		
<i>Investments—</i>		
Mortgages and term loans	18,138,254	23,005,684
Personal loans	3,934,123	2,502,399
New Zealand Government securities	25,975,819	23,222,395
Other investments	1,604,147	2,353,203
Local authority securities	354,420	358,745
Fixed assets (net)	1,070,899	1,517,895
Donations	130,000	120,000
Special donation—Southland Flood Appeal	100,000	
Increase in working capital	3,541,928	5,837,245
	<u>\$54,849,590</u>	<u>\$58,917,566</u>
<i>Increase in Working Capital Arose From—</i>		
	1984	1983
Increase in cash resources	3,982,066	5,642,065
Increase in sundry debtors	59,044	757
Increase in interest due and accrued on investments		(451,824)
Reduction in remittances in transit	204,137	2,710,630
Reduction in tax refund due	(1,070,097)	(185,518)
	3,175,150	7,716,110
<i>Add Reduction in Current Liabilities—</i>		
Increase in interest accrued on depositors' funds	(228,046)	(512,966)
Increase in provision for donations	(10,000)	(20,000)
Reduction in sundry creditors	616,312	(555,671)
Reduction in provision for deferred maintenance	64,923	35,077
	443,189	(1,053,560)
<i>Less Increase in Provision for Taxation—</i>		
Reduction in current taxation	(277,450)	379,844
Increase in deferred taxation	353,861	455,461
	76,411	825,305
Increase in working capital as above—	<u>\$3,541,928</u>	<u>\$5,837,245</u>

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1984

1. *Statement of Accounting Policies**General Accounting Policies*

The measurement base adopted in the preparation of these accounts is that of historical cost modified by the revaluation of land and buildings. Reliance has been placed on the fact that the Trusteebank Southland is a going concern. Accrual accounting is used in the matching of expenses and revenue.

*Particular Accounting Policies**Recognition of Income*

Income reported in the profit statement was earned in the current income year and interest includes the amortisation of premiums and discounts on the purchase of Government and Local Authority Stock.

Interest earned from personal loans is taken into account using the rule of 78 method of allocation.

*Depreciation*

Fixed assets, except the data processing equipment, are depreciated by applying rates approved by the Inland Revenue Department including first year allowance where applicable.

Data processing equipment is depreciated on a straight-line basis at rates estimated to write off the cost of the assets over their useful life.

The difference between the policy adopted and the straight-line basis for all assets is not considered to be material.

Principal rates used are—

Building	1% to 2% cost price
Furniture, fittings and equipment	10% to 20% diminishing value
Data processing equipment	14% cost price.

As the revaluation of buildings was effected as at 31 March 1984, depreciation has been calculated on the cost of the assets at 31 March 1983 and subsequent additions during the year.

*Valuation of Assets*

All current assets and investments are shown at cost with the exception of Government and Local Authority Stock. Government and Local Authority Stock is valued at cost, adjusted by the amortisation of premiums or discounts on purchases, calculated on a yield basis, over the terms of the stock.

*Taxation*

Provision for taxation against profits is the estimated expense relating to the results for the year.

Provision for deferred taxation relates to timing differences on accrued interest income, amortisation of premiums, depreciation and profits and losses on the sale of New Zealand Government Stock.

*Changes in Accounting Policies*

Land and buildings which were previously shown as cost (less depreciation for buildings) have been revalued this year to an independent valuation by a registered public valuer as at 31 March 1984.

The increase in the value of land and buildings on the book value at 31 March 1984 has been shown as part of Reserve Funds.

2. *Provision for Deferred Maintenance*

The provision of \$164,923 at 31 March 1983 to cover part of the cost of the redevelopment of the Don Street frontage of the Invercargill Branch has been credited against expenses as the redevelopment is now complete.

A provision of \$100,000 has been made in this year's Profit and Loss Account for the upgrading of the Gore premises which will be completed in the 1985 financial year.

3. *Deferred Taxation*

Deferred Taxation arises because of timing differences in respect of the increase in interest accrued \$153,664, the sale of Government Stock \$100,253, amortisation of premiums \$93,562 and depreciation \$6382.

4. *Government Stock*

New Zealand Government Stock at 31 March 1984—

	1984	1983
Face value	89,311,964	65,925,494
Less unamortised premiums and discounts	665,581	779,740
	<u>\$88,646,383</u>	<u>\$65,145,754</u>

New Zealand Government Stock is held pursuant to the ratio requirements of the Trustee Banks Act 1984.

The estimated market value of Government Stock at 31 March 1984 was \$89,345,806. (1983 \$58,608,671)

5. *Equity Accounting*

Investment In	%	Balance Date
Northern Trustee Computerbank Ltd.	20	May 31 Audited

Trusteebank Southland's share of the equity profit to the year ended 31 May 1983 is calculated as follows—

Share of profit before taxation	52,175
Less share of provision for taxation	22,524
Share of profit after taxation	<u>\$29,651</u>

*Balance Sheet Position*

	1984	1983
Investment at cost	214,172	154,172
Debentures	93,000	33,000
Shares of profits to date	29,914	263
	<u>\$337,086</u>	<u>\$187,435</u>