

The attached notes form part of and are to be read in conjunction with these accounts.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1984

Note	1984 \$	1983 \$
<i>Income—</i>		
Interest from:		
Government securities	6,892,164	4,516,656
Local authority securities	20,144	23,949
Mortgages	10,766,823	9,127,998
Personal loans	640,774	480,304
Other investments	1,532,682	1,417,143
Rents, commissions, fees etc.	1,038,028	598,058
Share of income of associate co.	29,651	1,780
Profit on sale of property	70,396	43,117
	<u>20,990,662</u>	<u>16,209,005</u>
<i>Less Expenditure—</i>		
Interest to depositors	11,205,504	9,320,276
Administrative expenses	5,295,480	4,056,146
Trustees honoraria	27,573	18,900
Loss on sale of securities	937,699	716,769
Depreciation	361,527	289,744
	<u>17,827,783</u>	<u>14,401,835</u>
Operating profit	3,162,879	1,807,170
Less taxation	1,350,000	767,517
Net profit for year	1,812,879	1,039,653
Less provision for donations	150,000	100,000
	<u>1,662,879</u>	<u>939,653</u>
Add donation provision balance	4,445	430
Add reserve fund brought forward	5,475,818	4,535,735
Reserve fund as at 31 March 1984	<u>\$7,143,142</u>	<u>\$5,475,818</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

	1984 \$	1983 \$
<i>Source of Funds—</i>		
Profit after tax	1,812,879	1,039,653
Depreciation	361,527	289,744
Total funds from operations	2,174,406	1,329,397
<i>From Other Sources—</i>		
Donation provision transferred	4,445	430
Increase in provision for donations	50,000	25,000
Depositors' funds	23,931,400	21,884,755
Deferred taxation	162,891	60,113
Decrease in working capital	4,293,479	
Total source of funds	<u>30,616,621</u>	<u>23,299,695</u>
<i>Application of Funds—</i>		
Net purchase of fixed assets	1,639,761	1,774,781
Investments	16,709,688	6,964,673
Mortgages and personal loans and overdrafts	11,577,373	11,141,279
Trusteebank visa outstanding	539,799	315,098
Provision for donations	150,000	100,000
Increase in working capital		3,003,864
	<u>30,616,621</u>	<u>23,299,695</u>
<i>Increase in Working Capital—</i>		
Cash	54,096	(490,043)
Fixed deposits	(4,045,500)	4,090,000
Debtors	86,729	(15,419)
Creditors	(402,862)	(124,717)
Taxation	(146,170)	(226,180)
Accrued interest on investments	224,527	169,114
Accrued interest on investment accounts	(64,299)	(398,891)
	<u>(\$4,293,479)</u>	<u>\$3,003,864</u>

R. G. DUNLOP, President.

B. J. RUDD, General Manager.

NOTES TO THE ACCOUNTS

1. *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 have been followed in the preparation of these financial statements.

—the measurement base adopted is that of historical cost
—accrual accounting is used to match expenses and revenues

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 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 principle rates in use are:

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

New Zealand Government Stock—

New Zealand Government stock is recorded at par value less discount on acquisition which is amortised over the term of the investment on a straight line basis.

The stock is held pursuant to ratio requirements and under normal circumstances is held to maturity. Periodically stock is sold to improve interest yield.

2. *Term Investment Accounts—*

	1984 \$	1983 \$
Under 1 year	52,167,494	36,660,331
1–2 years	12,601,667	18,406,409
2–3 years	4,876,672	4,656,452
3–5 years	6,556,310	4,496,690
	<u>\$76,202,143</u>	<u>\$64,219,882</u>

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.

	1984 \$	1983 \$
<i>Provision for Taxation—</i>		
Balance	358,931	132,751
Total tax provided in accounts	1,350,000	766,000
	<u>1,708,931</u>	<u>898,751</u>
<i>Less timing differences transferred to deferred tax</i>		
	162,891	60,113
	<u>1,546,040</u>	<u>838,638</u>
Less Tax paid	1,040,939	479,707
Tax Payable	<u>\$505,101</u>	<u>\$358,931</u>

	1984 \$	1983 \$
<i>Deferred Taxation—</i>		
Provision for deferred tax	982,068	921,955
Plus 1983–84 movement	162,891	60,113
	<u>\$1,144,959</u>	<u>\$982,068</u>

4. *Fixed Deposits—*

Coupon maturity dates cover the period April 1984 to October 1985. As these investments can be realised as liquidity conditions dictate they have been treated as current assets.

5. *New Zealand Government Stock—(Refer also note 1)*

	1984 \$	1983 \$
Cost	63,637,183	46,493,133
Amortised discount	438,418	1,012,189
	<u>\$64,075,601</u>	<u>\$47,505,322</u>
Market value	68,542,143	44,199,618

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 \$950,325 (1983: \$711,604).

7. *Northern Trustee Computerbank Ltd.—*

The ordinary share investment has been shown using the equity accounting basis.

	1984 \$	1983 \$
Ordinary shares \$1 each	140,000	80,000
Accumulated profits to previous year	74,435	74,172
Plus share of profit for year	52,175	
Less share of provision for taxation	22,524	263
	<u>244,086</u>	<u>154,435</u>
Debentures (at cost)	93,000	33,000
	<u>\$337,086</u>	<u>\$187,435</u>