

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1985

	1985 \$	1984 \$
To interest credited and accrued to depositors	5,455,113	4,711,643
To audit fees	37,882	45,586
To trustees fees	22,850	14,850
To administration expenses	2,570,917	2,244,958
To depreciation (note 1:2)	151,908	140,974
To provision for taxation		
—Current	86,007	129,655
—Deferred	255,886	109,323
To net profit to profit and loss appropriation account	401,235	290,563
	<u>\$8,981,798</u>	<u>\$7,687,552</u>
 <i>By Interest:</i>	 1985 \$	 1985 \$
New Zealand Government stock	2,746,858	2,291,499
Local authority stock	23,942	8,910
Short term deposits	1,016,568	716,826
Mortgages	3,860,994	3,571,213
Personal loans	349,785	322,740
Term loans	548,032	555,637
Visa	55,948	39,110
Overdrafts	78,297	53,810
	<u>8,680,424</u>	<u>7,559,745</u>
By commission, fees and other income	131,444	127,807
By amortisation of premium and discount on Government stock (note 1:1)	169,930	..
	<u>\$8,981,798</u>	<u>\$7,687,552</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR YEAR ENDING 31 MARCH 1985

	1985 \$	1984 \$
To provision for grants	40,000	40,000
To balance to reserve fund	371,925	250,563
	<u>\$411,925</u>	<u>\$290,563</u>
 By net profit from profit and loss account	401,235	290,563
By refund of Income Tax	10,690	..
	<u>\$290,563</u>	<u>\$180,411</u>

J. E. THOMPSON, President.
D. R. PARKER, General Manager.

TRUSTEEBANK SOUTH CANTERBURY
NOTES TO FINANCIAL STATEMENTS

NOTE 1: *Accounting Policies:**General Accounting Policies—*

The following accounting policies have been adopted by the Bank in the preparation of the financial statements:

- The historical cost basis is used, modified for government and local authority stock.
- Accrual accounting is used to match expenses and revenue.
- Reliance is placed on the fact that the Bank is a going concern.

*Particular Accounting Policies:**Recognition of Income—*

Income shown in the Profit and Loss Account is earned in the current year and includes the amortisation of premiums and discounts on the purchase of government and local authority stock. In the case of personal loans, interest is added to the advance at the commencement of the loan and brought into revenue during the appropriate financial years in accordance with the "Rule of 78".

Expenditure—

Interest credited to depositors.

Depositors accounts which are credited with interest during the year have an appropriate adjustment made for interest accrued to March 31.

Other expenses.

Other expenses are charged to the accounts in the year in which the expenditure is incurred.

Depreciation.

Fixed assets, other than freehold land, are depreciated on a straight line basis estimated to write off the cost less residual value, over the economic life of each class of asset.

The following are the estimated lives of the major categories of fixed assets:

Buildings	50–100 years
Computer equipment	4 years
Office furniture and equipment and motor vehicles	3–20 years

Taxation—

Taxation charged against profits for the year is the estimated expense for the year. Tax allocation accounting has been adopted by the Bank for significant timing differences in respect of accrued investment income, depreciation, capital profits and losses, and amortisations of government and local authority stock.