

Valuation of Assets—Current Assets and Investments—

All current assets and investments are shown at cost with the exception of government and local authority stock. Government and local authority stocks are regarded as long term investments and are redeemable at maturity at their face value. These stocks are valued at cost, adjusted by the amortisation of the discount or premium on purchase calculated on a straight line basis over the term of the stock. The discount or premium is calculated after adjusting for interest accrued in the purchase price.

The realisable value of fixed interest securities fluctuates with movement in market yields and it is customary for such fluctuations to be disregarded in the reporting of the results of the long term institutional investor.

Fixed Assets—

Fixed assets are shown at cost less accumulated depreciation.

Changes in Accounting Policies—

1.1 Amortisation of discounts on Government stock.

The accounting treatment of discounts and premiums arising on the purchase of government stocks has been changed to amortise those discounts and premiums over the term of the stock. Previously discounts and premiums arising on the purchase of government stocks were not recognised in the revenue account until they were sold. The effect of this change in accounting policy is to increase this year's profit by \$169,930.

1.2 Depreciation of fixed assets.

Fixed assets other than freehold land have been depreciated on a straight line basis. Previously fixed assets have been depreciated at depreciation rates set by the Inland Revenue Department. The effect of this change in depreciation method has not materially affected the depreciation charge for the year.

NOTE 2: *Government and Local Authority Stock:*

	Government		Local Authority	
	1985	1984	1985	1984
Face value at 31 March	27,566,000	22,361,500	295,000	120,000
Less unamortised premiums and discounts	1,144,600	486,198
Book value	26,421,400	21,875,302	295,000	120,000
Cost price	26,219,097	21,850,216	295,000	120,000
Market value	23,383,394	22,391,588	264,505	131,918

The Government Guarantee of Depositors' Fund including accrued interest in terms of section 44 of The Trustee Banks Act 1983 and subsequent amendments was in force at balance date and continues to remain in force. However, the requirement to hold New Zealand Government Stocks pursuant to the same Act was removed on February 11, 1985.

NOTE 3: *Fixed Assets:*

	Cost \$	Accumulated Depreciation \$	Book Value 1985 \$	Book Value 1984 \$
Land	136,438	..	136,438	134,973
Buildings	595,937	55,969	537,968	485,670
	730,375	55,969	674,406	620,643
Furniture and equipment, computers and motor vehicles	1,252,406	661,845	590,561	550,368
Total 1985	\$1,982,781	\$717,814	\$1,264,967	\$1,171,011
Total 1984	\$1,735,169	\$564,158	\$1,171,011	..

NOTE 4: *Commitments:*

	1985	1984
Lending commitments approved but not advanced	\$2,404,050	\$1,081,450

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1985 \$	1984 \$
<i>Funds were provided from—</i>		
Depositors	8,649,612	6,927,501
<i>Operations—</i>		
Profit after taxation	401,235	290,563
Depreciation	153,857	135,718
Prior year taxation refund	10,690	..
	9,215,394	7,353,782
Less grants paid	40,000	40,000
	9,175,394	7,313,782
Increase in other liabilities and taxation provisions	551,425	407,761
	\$9,726,819	\$7,721,543
These funds were invested in mortgages—new advances	7,318,932	4,760,840
Less repayments	4,747,490	3,473,200
	2,571,442	1,287,640
Government stock and local authority stock	4,721,098	2,315,223
Personal loans and other investments	1,168,488	2,371,627
	8,461,028	5,974,490
Fixed assets	247,813	306,361
Current assets	1,017,978	1,440,692
	\$9,726,819	\$7,721,543