

Working capital increases (decreases):

Cash resources	4,466,253
Accounts receivable	(65,330)
Income accrued	1,004,306
Taxation	617,292
Accounts payable	(559,025)
Interest accrued to depositors	(770,723)
	<u>\$4,692,773</u>

G. M. REEVES, President.

P. D. MUNN, General Manager.

NOTES TO THE ACCOUNTS

A. Statement of Accounting Policies:

The measurement base adopted is that of historical cost with the exception of land and buildings which have been valued at 90 percent of current valuation. Reliance is placed on the fact that the bank is a going concern.

Accrual accounting is used to match expenses and revenues.

The following particular policies which significantly affect the measurement of profit and of financial position have been applied:

Note 1: Depreciation:

All assets with the exception of land and buildings are recorded at cost less depreciation to date. Depreciation has been charged using the straight-line method based on the estimated economic life of assets. The following are the estimated lives of major asset categories:

Buildings	50-100 years
Furniture and fittings	10 years
Office equipment and plant	7-10 years
Security equipment	20 years
Computer equipment	7 years
Vehicles	5 years

Note 2: Government Stock:

Total discounts and premiums on Government stock securities are amortised over the term of the investment on a straight-line basis. The value of the stock in the balance sheet is shown at its cost price adjusted by amortised discount or premium to date.

Note 3: Personal Loans:

The Bank's policy is to add total interest due to the loan when advanced, and interest revenue is recognised on the basis of the "Rule of 78".

Note 4: Taxation:

(a) The provision for income tax charged in the revenue statement is the calculated tax liability in respect of the accounting profit after adjusting for permanent differences.

(b) The provision 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.

Note 5: Change in Accounting Policy:

There has been a change in accounting policy in that some fixed assets were previously depreciated on the diminishing value basis. It is not considered that this change will have any material effect on results or financial position.

B. Associate Company:

The Bank's investment in Trusteebank Computer Limited has been shown in the accounts according to the standard accounting practice adopted by the New Zealand Society of Accountants for an associate company.

The investment is made up as follows:

	\$	\$
Debentures		563,000
Paid up shares		140,000
Share of accumulated profit brought forward		104,086
Plus share of profit for year	62,352	
Less share of provision for taxation	28,058	34,294
Investment in Associate Company		<u>\$841,380</u>

C. Fixed Assets:

	Cost or Revaluation \$	1985 Accumulated Depreciation \$	Book Value \$	Cost \$	1984 Accumulated Depreciation \$	Book Value \$
Land	1,048,152		1,048,152	97,632		97,632
Buildings	3,990,947	62,723	3,928,224	536,937	51,099	485,838
	5,039,099	62,723	4,976,376	634,569	51,099	583,470
Furniture, fittings and alterations	1,581,936	644,760	937,176	995,853	535,552	460,301
Office and computer equipment	1,382,978	657,417	725,561	1,169,503	504,518	664,985
Motor vehicles	124,902	41,167	83,735	103,283	27,434	75,849
Capital work in progress	43,924		43,924	14,266		14,266
	<u>\$8,172,839</u>	<u>\$1,406,067</u>	<u>\$6,766,772</u>	<u>\$2,917,474</u>	<u>\$1,118,603</u>	<u>\$1,798,871</u>

The latest Government or registered market valuation of land and buildings is \$5,548,800. Land and buildings have been revalued as at 31 March 1985, to 90 percent of registered market valuation. The difference between this and book value of \$2,517,430 has been transferred to a Property Revaluation Reserve.