

STATEMENT OF CHANGES IN FINANCIAL POSITION

	1985 \$	1984 \$
<i>Source of Funds—</i>		
Profit after tax	2,383,878	1,812,879
Depreciation	398,990	361,527
Total funds from operations	2,782,868	2,174,406
<i>From Other Sources—</i>		
Donation provision transferred	535	4,445
Increase in provision for donations	50,000	50,000
Depositors' funds	21,535,690	23,931,400
Deferred taxation	162,391	162,891
Decrease in working capital	4,293,479
Total source of funds	<u>\$24,531,484</u>	<u>\$30,616,621</u>
<i>Application of Funds—</i>		
Net purchase of fixed assets	1,374,304	1,639,761
Investments	1,933,827	16,709,688
Mortgages and personal loans and overdrafts (net of Housing Corporation supplemented mortgages)	10,074,633	11,577,373
Trusteebank Visa outstanding	814,872	539,799
Provision for donations	200,000	150,000
Increase in working capital	10,133,848	..
	<u>\$24,531,484</u>	<u>\$30,616,621</u>
<i>Increase/Decrease in Working Capital—</i>		
Cash	1,650,064	54,096
Cash deposits	8,589,348	(4,045,500)
Debtors	(2,101)	86,729
Creditors	219,667	(402,862)
Taxation	(13,765)	(146,170)
Accrued interest on investments	166,655	224,527
Accrued interest on investment accounts	(476,020)	(64,299)
	<u>\$10,133,848</u>	<u>(\$4,293,479)</u>

R. G. DUNLOP, J.P., President.
B. J. RUDD, J.P., 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 principal rates in use are:

Buildings	1 percent and 2½ percent
Office equipment, fixtures and fittings	10 percent and 20 percent
Computer equipment	12.5 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 regarded as long-term investment and under normal circumstances is held to maturity and redeemed at face value. Periodically the stock is sold to improve interest yield. The realisable value of the stock fluctuates with movement in the rate of interest and it is customary for such fluctuations to be disregarded in the accounts of the long-term institutional investor.

2. *Term Investment Accounts—*

	1985 \$	1984 \$
Under 1 year	36,848,972	29,324,602
1–2 years	38,198,914	25,934,742
2–3 years	9,197,225	12,522,947
3–5 years	8,228,869	8,419,852
	<u>\$92,473,980</u>	<u>\$76,202,143</u>