

Investments—

New Zealand Government Securities	8	92,685	105,415
Rural bank securities		2,000	0
Local authority securities	9	1,253	430
Mortgages of real estate		127,281	119,990
Personal loans (net of interest)		21,828	21,946
Overdrafts		4,139	3,047
Trusteebank Visa		3,060	2,916
Associated company	10	2,292	841
		<u>254,538</u>	<u>254,585</u>

Fixed Assets—

Land		604	620
Buildings		4,957	4,557
Office furniture, plant, etc.		3,520	2,278
	11	<u>9,081</u>	<u>7,455</u>
		<u>\$359,198</u>	<u>\$309,882</u>

The statement of accounting policies and the notes are to be read in conjunction with the financial statements.

R. T. MAHUTA, President.

S. R. McROBIE, General Manager.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 1986

	1985 \$000
<i>Funds were provided from—</i>	
Net profit after taxation and abnormal items	3,277
Adjustment for items not involving movement of funds	<u>2,241</u>
	5,518
Increases—Depositors' funds	44,728
—Sundry Creditors	607
Decreases—Taxation Refund	605
—Accrued Interest	4,262
Repayments—Mortgages	22,654
—Personal loans	11,304
—Local authority securities	40
—New Zealand Government stock	200
Sales—New Zealand Government stock	35,665
—Fixed assets	<u>70</u>
	<u>\$125,653</u>
<i>Funds Were Used For:</i>	
Mortgage advances	29,945
New Zealand Government stock purchases	44,628
Rural Bank securities purchases	2,000
Local authority securities purchases	863
Purchase of fixed assets	2,081
Increase in sundry debtors	336
Personal loans, overdrafts, Visa advances	12,422
Advances to associated company	1,451
Grants	250
Increase in cash and deposits	27,126
Deferred taxation decrease	858
Repayment of commitment to repurchase	2,000
Repayment of deposits with other Trusteebanks	1,500
Reduction in public sector liabilities	<u>193</u>
	<u>\$125,653</u>

NOTES TO THE ACCOUNTS

1. *Statement of Accounting Policies—**General Accounting Policies:*

As recommended by the New Zealand Society of Accountants:

- (i) The measurement base adopted is that of historical cost modified by the revaluation of certain assets. Reliance is placed on the fact that the bank is a going concern.
- (ii) Interest on investments is accrued to balance date on a daily basis at the appropriate rate of interest.

Particular Accounting Policies:

(a) Revenue and Expense Recognition

- (i) Personal loans. The banks policy is to add interest to the advance at the commencement of the loan. The "rule of 78" method of accounting for personal loan income is used to apportion the income between accounting periods.
- (ii) Losses associated with dealing in securities have been charged to the current years Statement of Profit and Reserves.
- (iii) The charge for income tax is the amount of tax liability in respect of the accounting profit for the current year. Taxation charges which are expected to be payable in accounting periods subsequent to the 1986/87 financial year are included under the heading "Provision for Deferred Taxation".

Deferred taxation arises out of timing differences resulting from differing treatment for accounting and taxation purposes of Government stock transactions, interest income and depreciation on fixed assets.