

3. *Changes in Accounting Policies:*

The Bank has recorded the value of its land buildings at 90 percent of the independent registered valuation. This policy is now consistent with other Trusteebanks. The effect of changing from the previous basis of 100 percent has been a decrease in value of \$5,892 rather than an increase of \$18,011.

All other policies have been applied on bases consistent with those used in previous years.

NOTES TO THE ACCOUNTS

4. *Government Stock:*

	1986 \$	1985 \$
Face value	24,650,240	28,280,240
Less unexpired discounts	(40,393)	(125,180)
Plus premiums paid but not yet written off	152,388	108,682
Book value	<u>22,762,235</u>	<u>28,263,742</u>
Market value	<u>\$19,718,379</u>	<u>\$24,589,833</u>

The Government guarantee of depositors' funds 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 Securities pursuant to the same Act was removed on 11 February 1985.

5. *Associate Company:**Trusteebank Computer Ltd.:*

The ordinary share investment has been shown using the equity accounting basis:

	1986 \$	1985 \$
Ordinary shares \$1 each	997,000	140,000
Accumulated profits to previous year	138,380	119,117
Prior period adjustment	-	(15,031)
Plus share of profit for year	153,943	-
Less share provision for taxation	<u>79,132</u>	<u>34,294</u>
	74,811	34,294
Debentures (at cost)	1,210,191	278,380
	<u>313,750</u>	<u>563,000</u>
	<u>\$1,523,941</u>	<u>\$841,380</u>

On 15 March 1986 Trusteebank Canterbury and Trusteebank Wellington became shareholders, reducing this Bank's shareholding to one-seventh.

6. *Taxation:*

	1986 \$	1985 \$
Tax expenses in statement of profit and reserves	573,855	491,724
Less prior year taxation under provided	(449)	-
Less deferred tax adjustment for year	(158,261)	55,981
Less provisional tax paid	(548,154)	(72,338)
Provision for taxation (refund due)	<u>(\$133,009)</u>	<u>\$475,367</u>

7. *Deferred Taxation:*

	1986 \$	1985 \$
Balance brought forward	653,419	709,400
Deferred tax adjustment for year	158,261	(55,981)
Adjustment re change in tax rate	43,563	-
	<u>\$855,243</u>	<u>\$653,419</u>

8. *Revaluation Reserve:*

	1986 \$	1985 \$
Balance brought forward	562,465	428,552
Annual revaluation	(5,892)	133,913
Less adjustment for buildings demolished during year	(99,231)	-
	<u>\$457,342</u>	<u>\$562,465</u>

9. *Fixed Assets:*

	At Cost or Valuation \$	Accumulated Depreciation \$	1986 \$	Book Value 1985 \$
Land	448,476	-	448,476	319,800
Buildings and improvements	976,674	171,744	804,930	724,849
Furniture and fittings	252,974	156,959	96,015	88,842
Vehicles	97,527	16,945	80,582	56,727
Office and computer equipment	1,329,525	625,108	704,417	342,880
	<u>\$3,105,176</u>	<u>\$970,756</u>	<u>\$2,134,420</u>	<u>\$1,533,098</u>

10. *Commitments:*

	1986 \$	1985 \$
Property acquisition	2,314,000	108,000
Mortgages approved but not uplifted	851,052	1,383,353
Associated company:		
- Debenture	37,000	290,000
- Additional share capital	-	760,000
	<u>\$3,202,052</u>	<u>\$2,541,353</u>