

## AUDITORS' REPORT TO THE MEMBERS OF WESTPAC SAVINGS BANK - N.Z. - LIMITED

We have obtained all the information and explanations that we have required. In our opinion proper accounting records have been kept by the Bank so far as appears from our examination of those records.

In our opinion, according to the best of our information and the explanations given to us and as shown by the said records the financial statements on pages 3-7 are properly drawn up using the historical cost method so as to give a true and fair view of the state of the Bank's affairs as at 30 September 1985 and the results of its business and changes in financial position for the year ended on that date.

According to such information and explanations the financial statements give the information required by the Companies Act 1955 in the manner so required.

Wellington, N.Z.  
25 November 1985.

DELOITTE HASKINS & SELLS,  
Chartered Accountants

## STATEMENT OF PROFIT &amp; LOSS YEAR ENDED 30 SEPTEMBER 1985

	NOTES	1985	1984
Income—		\$000	\$000
Income from New Zealand Public Securities .. .. .		9,021	9,733
Interest received on advances .. .. .		11,637	11,636
Other .. .. .		126	..
Total Income .. .. .		20,784	21,369
Less interest paid to depositors .. .. .		13,168	12,265
Net Income .. .. .		7,616	9,104
Expenses—			
Management and operating expenses .. .. .	5,129	5,537	
Auditors Remuneration .. .. .	7	5	
Other Expenses .. .. .		5,136	5,542
Net profit before taxation .. .. .		2,480	3,562
Taxation .. .. .	5	1,102	1,603
Net profit after taxation .. .. .		1,378	1,959
Retained Earnings at 30/9/84 .. .. .		2,748	789
Capitalisation for Bonus Issue .. .. .	4	(3,415)	..
Retained Earnings at 30/9/85 .. .. .		711	2,748

## BALANCE SHEET AS AT 30 SEPTEMBER 1985

	NOTES	1985	1984
Assets—		\$000	\$000
Deposit with Westpac Banking Corporation .. .. .	6,546	(1,191)	
Accrued interest .. .. .	533	660	
Deferred losses .. .. .	1	2,398	
New Zealand Public Securities .. .. .	2	72,157	82,577
Mortgage and other loans .. .. .		73,808	92,732
Investment in Subsidiary .. .. .	3	500	..
Total Assets .. .. .		155,378	177,176
Less liabilities—			
Loan from The Commercial Bank Savings Bank (NZ) Ltd. .. .. .	500	4,485	
Depositors accounts .. .. .	135,696	158,466	
Accrued interest and other liabilities .. .. .	5,171	4,105	
Provision for Taxation—current .. .. .	169	1,597	
—deferred .. .. .	131	175	
Total Liabilities .. .. .		141,667	168,828
Net Assets .. .. .		13,711	8,348
Shareholders Funds—	4		
Share Capital—			
Authorised and issued 14,400,000 ordinary shares of \$1 each .. .. .		14,400	2,000
Less uncalled 2,000,000 ordinary shares of 70c each .. .. .		1,400	1,400
Paid up capital .. .. .		13,000	600
Revenue Reserves—			
General Reserve .. .. .		5,000	
Retained Earnings .. .. .	711	2,748	
Total shareholders funds .. .. .		13,711	8,348

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30TH SEPTEMBER 1985

## 1. Statement of Accounting Policies—

General Accounting Policies—The measurement base adopted is that of historical cost. Reliance is placed on the fact that the company is a going concern.

Accrual accounting is used to match expenses and revenues.

## Significant Particular Accounting Policies—

## Consolidation—

Group Accounts have not been prepared as the Directors are of the opinion that the expense of preparation would be out of proportion to the value to the members of the company.

## Valuation of Investments—

New Zealand public securities are valued at cost adjusted annually for the proportion of discount or premium on purchase so as to allow redemption value by maturity date.

Whilst in the ordinary course of business some realisation of New Zealand public securities may take place at prices below book values, in the majority of cases these securities are held to, or close to maturity dates when they would be redeemed at face value. Accordingly, no provision is made for any difference between book value and market value of individual securities.