

BALANCE SHEET AS AT 30 SEPTEMBER 1986

	NOTES	1986 \$000		1985 \$000
Assets—				
Deposit with Westpac Banking Corporation	13,834		6,546	
Accrued interest	400		533	
Deferred losses	1,196		1,834	
New Zealand Public Securities	2 68,819		72,157	
Mortgage and other loans	54,718		73,808	
Investment in Subsidiary	500		500	
Taxation Receivable	857		(169)	
Total Assets		140,324		155,209
Less liabilities—				
Loan from The Commercial Bank Savings Bank (NZ) Ltd.	500		500	
Depositors accounts	120,868		135,696	
Accrued interest and other liabilities	4,948		5,171	
Provision for deferred Taxation	39		131	
Total Liabilities		126,355		141,498
Net Assets		13,969		13,711
Shareholders Funds—				
Share Capital—				
Authorised and issued 14,400,000 ordinary shares of \$1 each		14,400		14,400
Less uncalled 2,000,000 ordinary shares of 70c each		1,400		1,400
		13,000		13,000
Revenue Reserves—				
Retained Earnings	969		711	
		969		711
Total shareholders funds		\$13,969		\$13,711

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30TH SEPTEMBER 1986

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.

Sale of Public Securities—

Profit or losses realised on sale of public securities are reflected in the statement of profit in equal annual instalments over the unexpired period to maturity or 5 years, whichever is the shorter.

Taxation—

The liability method of interperiod tax allocation has been applied primarily in respect of public security interest income.

Changes in Accounting Policies—There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. *New Zealand Public Securities*

Book, redemption and market value of these securities at 30 September were:

	1986 \$000	1985 \$000
Book	68,819	72,157
Redemption	69,155	72,704
Market	65,763	61,294

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 30 SEPTEMBER 1986

	1986 \$000	1985 \$000
Funds were provided:		
From Operations—net profit after taxation	258	1,378
Dividend from subsidiary	-	3,985
From Other Sources—		
Decrease in holdings of New Zealand Public Securities	3,338	10,420
Decrease in mortgages and loans	19,090	18,924
Decrease in accrued interest and other liabilities	548	1,757
	\$23,234	\$36,464