

	Note	1987 \$000	1986 \$000
Auditors remuneration	8	7	
Other Expenses		1,588	5,124
Net Profit Before Taxation		3,914	469
Taxation		1,879	211
Net profit after taxation		2,035	258
Extraordinary item	5	(2)	-
Net profit after taxation and extraordinary items		2,033	258
Retained earnings brought forward		969	711
Retained earnings at year end		3,002	969

The notes form part of and should be read in conjunction with these accounts.

Balance Sheet as at 30 September 1987

Assets—	Notes	1987 \$000	1986 \$000
Deposit with Westpac Banking Corporation	29,463	13,834	
Accrued interest	1,443	400	
Provision for deferred taxation	130	(39)	
New Zealand Public Securities	2 53,735	68,819	
Mortgage and other loans	38,114	54,718	
Investment in subsidiary	3 -	500	
Total assets	122,885	138,232	
Less Liabilities—			
Deferred losses	565	(1,196)	
Loan from The Commercial Bank Savings Bank (NZ) Ltd. ..	-	500	
Depositors accounts	100,770	120,868	
Accrued interest and other liabilities	3,826	4,948	
Provision for taxation	1,722	(857)	
Total liabilities		106,883	124,263
Net assets		16,002	13,969
Shareholders' Funds—			
Share capital	4 13,000	13,000	
Retained earnings	3,002	969	
Total shareholders funds		16,002	13,969

The notes form part of and should be read in conjunction with these accounts.

On behalf of the board:

J. C. FAIR and R. W. R. WHITE, Directors.

Notes to the Financial Statements Year Ended 30 September 1987

1. Statement of Accounting Policies

General Accounting Policies

The financial statements are based on the general principles of historical cost accounting, including the going concern concept and the accrual basis of accounting.

Particular Accounting Policies

Consistency

The management fee paid to Westpac Banking Corporation was based on the direct costs associated with or apportionment in respect of Savings Bank activity. The accounting policy has been changed as it is considered more appropriate to only charge direct costs incurred.

Except for the above change there have been no significant changes in the accounting policies applied by the company during the period covered by these financial statements. All other policies have been applied on bases consistent with those used in previous years.

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 profit and loss statement in equal annual instalments over the unexpired period to maturity of the securities sold or 5 years, whichever is the shorter.