

Taxation

The company adopts tax effect accounting whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent taxation differences. The tax effect of timing differences which occur where items are included or allowed for income tax purposes in a period different to that for accounting is shown in provision for deferred income tax and future income tax benefits, as applicable, at current taxation rates.

The liability method of inter-period allocation of income tax has been applied.

New Zealand Public Securities

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

	1987 \$000	1986 \$000
Book	53,735	68,819
Redemption	53,860	69,155
Market	51,868	65,763

3. Investment in Subsidiary

During the year The Commercial Bank Savings Bank (NZ) Limited was sold to Westpac Holdings - NZ - Limited.

4. Share Capital

	1987 \$000	1986 \$000
<i>Authorised Capital—</i>		
14 400 000 ordinary shares of \$1.00 each	14,400	14,400
<i>Issued Capital—</i>		
12 400 000 ordinary shares of \$1.00 each	12,400	12,400
2 000 000 ordinary shares of \$1.00 each paid to 30 cents	600	600
	<u>13,000</u>	<u>13,000</u>

5. Extraordinary Item

	1987 \$000	1986 \$000
Increase in provision for deferred taxation arising from change in company rates	2	—

6. Directors' Emoluments

No emoluments are paid to the directors of the company.

Statement of Changes in Financial Position For the Year Ended 30 September 1987

	1987 \$000	1986 \$000
<i>Funds were Provided:</i>		
From Operations:		
Net profit after taxation	2,033	258
From Other Sources:		
Decrease in holding of New Zealand public securities	15,084	3,338
Decrease in mortgages and loans	16,604	19,090
Increase in provision for taxation	2,579	(1,026)
Sale of investment in subsidiary	500	—
	<u>36,800</u>	<u>21,660</u>
<i>Funds were Applied to:</i>		
Increase in the Deposit with Westpac Banking Corporation	15,629	7,288
Repay depositors balances	20,098	14,828
Decrease in provision for deferred Taxation	169	92
Decrease loan from The Commercial Bank Savings Bank (NZ) Ltd.	500	—
Increase in accrued interest and other liabilities	404	(548)
	<u>36,800</u>	<u>21,660</u>

