

DELOITTE HASKINS & SELLS, Chartered Accountants.

Wellington, New Zealand.

10 November 1988.

Profit and Loss Statement Year Ended 30 September 1988

	Notes	1988 \$000	1987 \$000
<i>Income—</i>			
Income from New Zealand public securities		4,519	8,098
Interest received on advances		5,426	8,068
Other		4,175	2,895
Total income		14,120	19,061
Less interest paid to depositors		10,126	13,559
Net income		3,994	5,502
<i>Expenses—</i>			
Management and operating expenses	1,320	1,580	
Auditors' remuneration	10	8	
Other Expenses		1,330	1,588
Net profit before taxation		2,664	3,914
Taxation		1,279	1,879
Net profit after taxation		1,385	2,035
Extraordinary item	2	—	(2)
Net profit after taxation and extraordinary items		1,385	2,033
Retained earnings at year beginning		3,002	969
Retained earnings at year end		\$4,387	\$3,002

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

Balance Sheet as at 30 September 1988

	Notes	1988 \$000	1987 \$000
<i>Assets—</i>			
Deposit with Westpac Banking Corporation		74,919	29,463
Accrued interest		14	1,443
Provision for taxation		899	(1,722)
Provision for deferred taxation	1	—	130
New Zealand public securities	3	—	53,735
Mortgage and other loans		24,994	38,114
Total assets		100,826	121,163
<i>Less Liabilities—</i>			
Deferred losses		—	565
Depositors accounts		80,706	100,770
Accrued interest and other liabilities		2,733	3,826
Total liabilities		83,439	105,161
Net assets		\$17,387	\$16,002
<i>Shareholders' Funds—</i>			
Share capital	4	13,000	13,000
Retained earnings		4,387	3,002
Total shareholders funds		\$17,387	\$16,002

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 1988

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

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