

Accounting Policies—The accounting policies which the Bank considers appropriate for the measurement of its results and financial position under the historical cost method are as follows:

Recognition of income—Income shown in the profit and loss account is earned in the current year and includes the amortisation of premiums and discounts on the purchase of Government and local authority stock. In the case of personal loans, the policy is to add interest to the advance at the commencement of the loan, and to bring this interest into revenue during the appropriate financial years in accordance with the "Rule of 78".

Expenditure—Interest credited to depositors: Interest on savings and current accounts represents interest credited at 31 March and the interest paid on closed accounts during the year. Investment Accounts which are credited with interest during the year have had an appropriate adjustment made for the interest accrued to 31 March.

Other Expenses—Other expenses, including expenditure on computer programme development are charged to the accounts in the year in which the expenditure is incurred.

Depreciation—Fixed assets, other than freehold land, are depreciated on a straight line basis at rates estimated to write off the cost less residual value over the useful life of each class of asset.

The principal annual rates in use are:

Buildings	1 percent to 2.5 percent.
Office Furniture and Equipment	10 percent to 15 percent.

Taxation—Taxation charged against profits for the year is the estimated expense for the year. Tax allocation accounting has been adopted by the Bank for significant timing differences in respect of accrued investment income, depreciation, capital profits and losses, and amortisations of Government and local authority stock purchases and sales.

Valuation of assets—current assets and investments: All current assets and investments are shown at cost with the exception of Government and Local Authority Stock. On the basis that this stock will normally be held to maturity, from 1 April 1980 it has been valued at cost adjusted by the amortisation of the discount or premium on purchase, calculated on a yield basis, over the term of the stock. The discount or premium is calculated after adjusting for interest accrued in the purchase price. Prior to 1 April 1980, Government and Local Authority Stock was recorded at face value.

In certain instances, low yielding Government stock has been realised for tax purposes in switch arrangements and the stock so purchased is shown at the cost of the original holding.

Changes in Accounting Policies—There is no change in the accounting policy in comparison with the previous year.

Government and Local Authority Stock—

	Government	Local Authority
Face value at 31 March 1982	58,108,488	7,152,472
Less unamortised premiums and discounts	670,202	27,093
Book value at 31 March 1982	\$57,438,286	\$7,125,379
Original cost	\$57,314,916	\$7,113,309

	Cost \$	Depn. to Date \$	Book Value	
			1982 \$	1981 \$
Land	448,911	448,911	382,819
Buildings	3,083,630	706,324	2,377,306	2,051,462
	3,532,541	706,324	2,826,217	2,434,281
Office furniture & equipment, computers & motor vehicles	2,125,481	681,922	1,443,559	528,271
Totals 1982	\$5,658,022	\$1,388,246	\$4,269,776	\$2,962,552
Totals 1981	\$4,141,108	\$1,178,556	\$2,962,552	

The latest Government valuations of land and buildings, dated from 31 July 1981, plus subsequent additions at cost, amount to \$4,600,000. Capital commitments outstanding at 31 March 1982 amount to \$60,000 (1981 \$760,000).

Taxation—Taxation due in respect of the current year is \$45,640. The charge for deferred taxation consists of taxation payable in future years on timing differences arising through the amortisation and the sale of stock \$479,121, the increase in interest accrued \$9,068, depreciation \$72,095 and other items \$8,030.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1982 \$	1981 \$
Funds were provided—		
From depositors	16,058,255	25,099,537
From operations		
Profit after taxation	774,560	542,256
Depreciation	219,576	137,612
	\$17,052,391	\$25,779,405
Less grants paid	95,920	100,000
	\$16,956,471	\$25,679,405
Increase in other liabilities and taxation provisions	1,432,692	1,655,220
	\$18,389,163	\$27,334,625
These funds were invested in—		
Mortgages, new advances	23,904,541	19,792,859
Less repayments	10,677,457	7,776,043
	13,227,084	12,016,816
Government stock and local authority stock	1,384,320	11,176,545
Personal loans	2,681,547	2,275,029
	\$17,292,951	\$25,468,390
Fixed assets	1,526,800	731,520
Current assets	(430,588)	1,134,715
	\$18,389,163	\$27,334,625

WESTLAND SAVINGS BANK

BALANCE SHEET AS AT 31 MARCH 1982

	1982 \$	1981 \$
Depositors' accounts—		
Ordinary	10,395,377	10,303,961
Special	1,921,630	1,472,470
	12,317,007	11,776,431
Investment accounts	19,378,444	15,677,779
	31,695,451	27,454,210
Other liabilities—		
Interest accrued on investment accounts	655,686	425,194
Sundry creditors	22,238	27,385
	677,924	452,579
Provision for donations	20,000	7,000
Provision for taxation		
Current	18,717	—
Deferred	83,992	52,530
	102,709	52,530
Reserve fund—		
Balance 1 April 1981	625,994	602,085
Transfer from appropriations	160,345	23,909
	786,339	625,994
	\$33,282,423	\$28,592,313
Current assets—		
Cash on hand and at banks	1,176,710	1,282,117
Interest bearing deposits	1,592,100	692,100
Interest accrued on investments	374,256	259,358
Debtors and prepayments	72,614	86,138
	3,215,680	2,319,713
Investments—		
N.Z. Government stock	11,679,754	9,731,448
Local authority securities	267,018	298,552
Mortgages and personal loans	17,259,800	15,519,194
	29,206,572	25,549,194