

RESERVE BANK OF NEW ZEALAND

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1974

	1974 \$	1973 \$		1974 \$	1973 \$
General charges including salaries, rent, cost of note issue, overseas debt charges and other expenses	15,937,500	7,911,124	Balance of profit after making provision for rebate on bills not yet due and for sundry liabilities and contingencies	28,501,755	15,815,781
Balance of profit for year	12,564,255	7,904,657			
	<u>\$28,501,755</u>	<u>\$15,815,781</u>		<u>\$28,501,755</u>	<u>\$15,815,781</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT

	1974 \$	1973 \$		1974 \$	1973 \$
Payment to New Zealand Government in terms of section 40 of Reserve Bank of New Zealand Act 1964	7,904,657	15,466,212	Balance at beginning of year	7,904,657	15,466,212
Balance at end of year	16,403,851	7,904,657			
	<u>\$24,308,508</u>	<u>\$23,370,869</u>	Balance from profit and loss account	12,564,255	7,904,657
			Compensation received under the Sterling Guarantee Agreement in respect of year ended 31 March 1973	3,839,596	..
				<u>\$24,308,508</u>	<u>\$23,370,869</u>

BALANCE SHEET AS AT 31 MARCH 1974

	1974 \$	1973 \$		1974 \$	1973 \$
Notes in circulation	285,593,547	239,604,388	Gold	704,991	705,013
Demand deposits:			Overseas assets:		
(a) State	165,853,645	138,407,632	(a) Current accounts and short-term bills	81,633,792	297,143,371
(b) Banks	7,781,341	65,500,477	(b) Investments (see Note 2)	345,427,822	167,242,441
(c) Marketing accounts	19,522,672	18,346,270	(c) Holdings of special drawing rights	51,898,540	52,062,031
(d) Other	122,691,118	28,429,844		478,960,154	516,447,843
	<u>315,848,776</u>	<u>250,684,223</u>			
Term deposits	219,756,140	219,480,502	New Zealand coin	4,822,824	4,441,548
Demand liabilities in currencies other than New Zealand currency	349,449	295,285	Discounts	6,300,000	..
Other liabilities	9,083,801	17,387,867	Advances—		
Allocation of special drawing rights by I.M.F.	61,966,071	61,966,071	(a) To the State	234,914	304,460
			(b) To marketing accounts	256,238,271	239,139,810
Capital accounts—			(c) Export credits	9,219,219	8,909,334
(a) General Reserve Fund	3,000,000	3,000,000	(d) Other	4,570,608	6,585,280
(b) Other reserves	49,300,373	21,250,471		270,263,012	254,938,884
	<u>52,300,373</u>	<u>24,250,471</u>	Investments in New Zealand:		
Profit and loss appropriation account	16,403,851	7,904,657	(a) New Zealand Government securities	136,521,778	249,394
	<u>\$961,302,008</u>	<u>\$821,573,464</u>	(b) Other	1,335,000
				136,521,778	1,584,394
			Other assets	63,729,249	43,455,782
				<u>\$961,302,008</u>	<u>\$821,573,464</u>

NOTES—

1. Holdings of assets denominated in other than New Zealand currency have been converted at the appropriate telegraphic transfer rates ruling at 31 March 1974.

2. Overseas assets—(b) Investments: Commencing from 31 March 1974, these investments are shown in the balance sheet at the New Zealand equivalent of foreign currency cost. In previous years they were shown at the lower of book or market value. Had the change in the method of reporting from the previous basis not been made investments would have been written down by \$65m. An explanation of the reasons for the change in the basis of valuation appears on page 25 of the Annual Report of the Reserve Bank of New Zealand (Appendices to the Journals of the House of Representatives B. 16, 1974).

3. Contingent liabilities—

(a) In respect of an investment of 250,000 £Stg1 shares in the Commonwealth Development Finance Co. Ltd. of which 50p per share is uncalled (New Zealand equivalent \$204,612.50).

(b) In respect of a guarantee of a foreign currency loan, the outstanding balance of which amounts to the equivalent of NZ\$1,193,565.30. The New Zealand Government has indemnified the Bank in respect of this guarantee.

A. R. LOW, Governor.
R. W. R. WHITE, Deputy Governor.
M. R. HUTTON, Chief Accountant.

REPORT OF THE AUDITORS TO THE RESERVE BANK OF NEW ZEALAND

We have audited the accounts of the Reserve Bank of New Zealand for the year ended 31 March 1974, and have obtained all the information and explanations we have required.

In our opinion the above balance sheet and profit and loss account are properly drawn up so as to give respectively a true and fair view of the state of affairs of the bank as at 31 March 1974, and of its results for the year then ended.

17 May 1974,
Wellington, New Zealand.

CLARKE, MENZIES & CO. } Chartered Accountants.
HUTCHISON, HULL & CO. }