

RESERVE BANK OF NEW ZEALAND

PROFIT AND LOSS ACCOUNT
FOR YEAR ENDED 31 MARCH 1976

	1976 \$	1975 \$		1976 \$	1975 \$
General charges including salaries, rent, cost of note issues, overseas debt charges, and other expenses	49,886,992	28,894,642	Balance of profit after making provision for rebate on bills not yet due and for sundry liabilities and contingencies including loss on realisation of investments	53,650,430	772,118
Balance of profit for year	3,763,438	..	Loss for year carried to Profit and Loss Appropriation Account .. .. .	..	28,122,524
	<u>\$53,650,430</u>	<u>\$28,894,642</u>		<u>\$53,650,430</u>	<u>\$28,894,642</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT

	1976 \$	1975 \$		1976 \$	1975 \$
Net loss for year ended 31 March 1975 .. .. .	..	28,122,524	Transfer from investment reserve to cover loss for year ended 31 March 1975 .. .. .	..	28,122,524
Net profit for year ended 31 March 1976 transferred to investment reserve	3,763,438	..	Net profit for year ended 31 March 1976	3,763,438	..
	<u>\$3,763,438</u>	<u>\$28,122,524</u>		<u>\$3,763,438</u>	<u>\$28,122,524</u>

BALANCE SHEET AS AT 31 MARCH 1976

	1976 \$	1975 \$		1976 \$	1975 \$
Notes in circulation	375,404,530	336,470,731	Gold	704,991	704,991
Demand deposits:			Overseas assets:		
(a) State	151,607,922	154,005,678	(a) Current accounts and short term bills	209,165,058	101,964,742
(b) Banks	101,307	19,873,377	(b) Investments (see note 1 (c))	67,436,557	119,568,371
(c) Marketing accounts	19,066,637	13,327,651	(c) Holdings of special drawing rights	9,660,525	4,807,352
(d) Other	491,289,062	317,313,778			
	662,064,928	504,520,484		286,262,140	226,340,465
Term deposits .. .. .	..	124,310,099	New Zealand coin	10,111,236	6,456,935
Liabilities in currencies other than New Zealand currency:			Discounts	5,023,819	6,600,000
(a) Demand	706,131	714,917	Advances:		
(b) Time	194,559,975	37,174,721	(a) To the State	805,005	675,033
	195,266,106	37,889,638	(b) To marketing accounts	388,948,320	392,890,356
Allocation of special drawing rights by I.M.F.	78,446,931	64,626,129	(c) Export credits	22,049,633	15,362,113
Other liabilities	19,486,302	7,166,333	(d) Other	18,858,570	83,788,998
Capital accounts:				430,661,528	492,716,500
(a) General reserve fund	3,000,000	3,000,000	Investments in New Zealand:		
(b) Other reserves	24,702,169	21,048,829	New Zealand Government securities (see note 1 (c))	552,359,306	306,461,330
	27,702,169	24,048,829	Other assets	73,247,946	59,752,022
	<u>\$1,358,370,966</u>	<u>\$1,099,032,243</u>		<u>\$1,358,370,966</u>	<u>\$1,099,032,243</u>

NOTES: 1. *Statement of Accounting Policies*—The particular accounting policies adopted by the Bank which significantly affect the measurement and reporting of its results and financial position are as follows:

(a) Foreign Currency Translations:

Overseas assets and liabilities at balance date are converted to New Zealand currency using the appropriate telegraphic transfer rates ruling at 31 March 1976.

(b) Fixed Assets and Depreciation Policy:

The Bank's buildings at Wellington and Christchurch are depreciated over their estimated economic life on a straight line basis at the rate of 1% per annum. The Bank's existing building at Auckland has been fully written off whilst preliminary expenditure on a new building is reflected at cost. The cost of all land acquired has been written off in prior years. All other fixed assets are similarly expensed in the year of acquisition.

(c) Investments:

Overseas investments are shown in the balance sheet at the New Zealand equivalent of foreign currency cost, N.Z.\$67.4 million (market value at balance date NZ\$60.1 million). New Zealand investments are shown at cost \$552.36 million. (Market value at balance date \$552.39 million).

(d) Exchange Rate Fluctuations:

Profits or losses arising from movements in the basic exchange rate are settled with Treasury, in terms of section 26 of the Reserve Bank of New Zealand Act 1964. The loss in respect of the year ended 31 March 1976, subject to such compensation, was NZ\$67,763,476.

2. *Contingent Liability*—In respect of an investment of 250,000 £stg. 1 shares in the Commonwealth Development Finance Co. Limited of which 50p per share is uncalled: New Zealand equivalent \$233,995.

A. R. LOW, Governor.

R. W. R. WHITE, Deputy Governor.

E. D. VALLANCE, 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 1976 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 1976, and of its results for the year then ended.

CLARKE, MENZIES & CO.
HUTCHISON, HULL & CO.

} Chartered Accountants.

Wellington, New Zealand.

30 June 1976.