THE NEW ZEALAND GAZETTE

RESERVE BANK OF NEW ZEALAND

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1977

<table>
<thead>
<tr>
<th>1977</th>
<th>1976</th>
<th>Balance of profit after making provision for liabilities and contingencies including loss on realisation of investments</th>
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<td>$1,358,311,058</td>
<td>$1,358,370,966</td>
<td>$83,478,131</td>
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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 on an historical cost basis 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 1977.

(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 1½% 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 treated in the year of acquisition.

(c) Investments: Overseas investments are shown in the balance sheet at the New Zealand equivalent of foreign currency cost, NZ$34.2 million (market value at rates ruling at 31 March 1977).

(d) Exchange rate fluctuations: The profit or loss arising from appreciation or depreciation of the Bank's net overseas assets due to movements in the basic exchange rate is 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 1977, $NZ32,365,620, relating to prior year was $NZ233,563,628.

2. Contingent Liability—In respect of an investment of 250,000 £ sterling 1 shares in the Commonwealth Development Finance Co. Limited, of which 50p per share is unCallable. New Zealand equivalent $223,634.

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 1977, 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 at least a true and fair view of the state of affairs of the Bank as at 31 March 1977 and of its results for the year then ended.

CLARKE MENZIES & CO., Chartered Accountants.


Wellington, New Zealand, 2 June 1977.