

RESERVE BANK OF NEW ZEALAND

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1977

	1977	1976		1977	1976
	\$	\$		\$	\$
General charges including salaries, rent, cost of note issues, overseas debt charges and other expenses	66,529,341	49,886,992	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	83,478,131	53,650,430
Balance of profit for year	16,948,790	3,763,438			
	<u>\$83,478,131</u>	<u>\$53,650,430</u>		<u>\$83,478,131</u>	<u>\$53,650,430</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT

	1977	1976		1977	1976
	\$	\$		\$	\$
Transfer to investment reserve	6,141,830	3,763,438	Net profit for year ended 31 March	16,948,790	3,763,438
Transfer to building reserve	2,000,000	..			
Adjustment in respect of compensation received under sterling guarantee agreement (relating to prior year)	1,899,519	..			
Balance at end of year	6,907,441	..			
	<u>\$16,948,790</u>	<u>\$3,763,438</u>		<u>\$16,948,790</u>	<u>\$3,763,438</u>

BALANCE SHEET AS AT 31 MARCH 1977

	1977	1976		1977	1976
	\$	\$		\$	\$
Notes in circulation	401,012,987	375,404,530	Gold	704,991	704,991
Demand deposits—			Overseas assets—		
(a) State	181,635,014	151,607,922	(a) Current accounts and short-term bills	239,204,270	209,165,058
(b) Banks	60,637,037	101,307	(b) Investments (see Note 1 (c))	34,215,243	67,436,557
(c) Marketing accountants	28,355,063	491,289,062	(c) Holdings of special drawing rights	21,175,956	9,660,525
(d) Other	568,462,673	..			
	839,089,787	662,064,928		294,595,469	286,262,140
Liabilities in currencies other than New Zealand currency—			New Zealand coin	10,917,820	10,111,236
(a) Demand	298,080	706,131	Discounts	6,755,407	5,023,819
(b) Time	289,733,245	194,559,975	Advances—		
	290,031,325	195,266,106	(a) To the State	501,113	805,005
Allocation of special drawing rights by I.M.F.	83,758,146	78,446,931	(b) To marketing accounts	439,795,611	388,948,320
Other liabilities	31,799,621	19,486,302	(c) Export credits	28,230,320	22,049,633
Capital accounts—			(d) Other	3,770,161	18,858,570
(a) General Reserve Fund	3,000,000	3,000,000		472,297,205	430,661,528
(b) Other reserves	32,711,751	24,702,169	Investments in New Zealand—		
	35,711,751	27,702,169	New Zealand Government Securities (see Note 1 (c))	807,956,223	552,359,306
Profit and Loss Appropriation Account	6,907,441	..	Other assets	95,083,943	73,247,946
	<u>\$1,688,311,058</u>	<u>\$1,358,370,966</u>		<u>\$1,688,311,058</u>	<u>\$1,358,370,966</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 on an historical cost basis are as follows:

- 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.
 - 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 treated in the year of acquisition.
 - 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 balance date NZ\$31.3 million). New Zealand investments are shown at the lower of cost or market value (market value \$810.2 million).
 - 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, subject to such settlement, was \$NZ32,365,620.
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 \$223,654.

R. W. R. WHITE, Governor. 30 June, 1977.

D. L. WILKS, Deputy Governor. 30 June, 1977.

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 respectively 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.
HUTCHISON, HULL & CO. }

Wellington, New Zealand, 2 June 1977.