

RESERVE BANK OF NEW ZEALAND

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31 MARCH 1982

	1982 (\$000's)	1981 (\$000's)		1982 (\$000's)	1981 (\$000's)
General charges including salaries, rent, cost of note issues, overseas debt charges and other expenses	146,542	108,896	Balance of profit after making provision for sundry liabilities and contingencies ..	185,246	121,828
Balance of profit for year	38,704	12,932			
	<u>\$185,246</u>	<u>\$121,828</u>		<u>\$185,246</u>	<u>\$121,828</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT

Payment to New Zealand Government in terms of section 40 of Reserve Bank of New Zealand Act 1964	8,232	11,165	Balance at beginning of year ..	8,232	11,165
Transfer to insurance reserve	2,000	..	Balance from profit and loss account ..	38,704	12,932
Transfer to general reserve	5,500	4,700			
Balance at end of year	31,204	8,232			
	<u>\$46,936</u>	<u>\$24,097</u>		<u>\$46,936</u>	<u>\$24,097</u>

BALANCE SHEET AS AT 31 MARCH 1982

Notes in circulation ..	608,991	558,244	Gold (see note 1 (e)) ..	699	699
Demand Deposits—			Overseas Assets—		
(a) State	401,041	314,558	(a) Current accounts and short term bills ..	75,517	104,323
(b) Banks	18	12	(b) Investments ..	11,796	9,954
(c) Marketing accounts ..	44,416	38,182	(c) Holdings of special drawing rights at the I.M.F.	27,311	41,684
(d) Other	137,756	240,659			
	583,231			114,624	155,961
		<u>593,411</u>			
Liabilities in currencies other than New Zealand currency	1,192,834	451,737	New Zealand coin ..	12,843	14,089
Allocation of special drawing rights by I.M.F.	205,022	189,599	Discounts	4,890	16,570
Other liabilities	190,287	58,841	Advances—		
Reserves—			(a) To the State	1,006	1,568
(a) General reserve	46,440	40,940	(b) To marketing accounts ..	779,910	662,469
(b) Other reserves	28,088	26,088	(c) Export credits	54,448	38,937
			(d) Other	629,831	516,873
	74,528	67,028		1,465,195	
Profit and loss appropriation account	31,204	8,232			1,220,847
			Investments in New Zealand—		
			(a) N.Z. Government securities	892,331	302,481
			(b) Other	10,389	37
				902,720	302,518
			Other assets	385,226	216,408
	<u>\$2,886,197</u>	<u>\$1,927,092</u>		<u>\$2,886,197</u>	<u>\$1,927,092</u>

1. *Statement of Accounting Policies*—The particular accounting policies adopted by the Bank which significantly affect the measurement and the reporting of its results and financial position on an historical cost basis, modified by the revaluation of land, have been consistently applied during the year. They are as follows:

- Foreign Currency Conversions*—Overseas assets and liabilities at balance date are converted to New Zealand currency using appropriate telegraphic transfer rates ruling at that date.
- Investments*—Overseas assets are shown in the balance sheet at cost. A market value is not available for the majority of investments held; the maturity value is \$NZ12.1 million, 1981 \$NZ10.2 million. New Zealand investments are shown at the lower of cost or market value (market value \$911.0 million, 1981 \$309.6 million).
- Exchange Rate Fluctuations*—The profit or loss arising from appreciation or depreciation of the Bank's net overseas assets (including contracts for the future purchase and sale of overseas currency) due to movements in basic exchange rates 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 1982 subject to such settlement was \$252.8 million, 1981 \$9.5 million.
- Fixed Assets and Depreciation*—Land held at Christchurch and Wellington is valued in the Bank's books at the July 1979 Government valuation. The Bank's buildings at Wellington and Christchurch, along with other fixed assets, are written off over their estimated economic lives on a straight line basis as follows:

Buildings	1 percent per annum
Other Fixed Assets	20 percent per annum

At balance date the building occupied by the Bank in Auckland has been fully written off.

- Gold*—Gold is valued in the accounts at cost (market value \$9.5 million, 1981 \$12.5 million).

2. *Contingent Liabilities*—

- In respect of an investment of 250,000 one pound sterling shares in the Commonwealth Development Finance Co. Ltd. of which 50p per share is uncalled (New Zealand equivalent \$290,000, 1981 \$307,000).
- In respect of Exchange Contracts entered into for the future purchase and sale of overseas currency, if this is less than \$500,000. (The risk of these contracts is covered by the indemnity described in Note 1 (c). In terms of that indemnity the Bank receives compensation only if its net losses for the year exceed \$500,000.)