

RESERVE BANK OF NEW ZEALAND ANNUAL ACCOUNTS—*continued*

## NOTES

1. *Statement of Accounting Policies*—Except for the change outlined in (b) below, 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:
- (a) *Foreign Currency Conversions*—Overseas assets and liabilities at balance date are converted to New Zealand currency using appropriate exchange rates ruling at that date.
- (b) *Investments*—The value of New Zealand investments has this year been assessed on the basis of the buying price to the Bank on balance date whereas in earlier years investments were valued at the lower of cost or market value (market value being determined by the Bank's selling price).
- The effect of the foregoing has resulted in \$14 million relating to previous years being written off the value of New Zealand investments and charged against profits in the current year.
- (c) *Exchange Rate Fluctuations*—The profit or loss arising from appreciation or depreciation of the Bank's overseas assets and liabilities (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 1983 subject to such settlement was \$517.8 million (1982 \$252.8 million).
- (d) *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 Auckland, 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 |
- (e) *Gold*—Gold is valued in the accounts at cost (market value \$14.2 million, 1982 \$9.5 million).
2. *Contingent Liabilities*—
- (a) In respect of an investment of 250,000 one pound sterling shares in the Commonwealth Development Finance Company Ltd., of which 50p per share is uncalled (New Zealand equivalent \$282,000, 1982 \$290,000).
- (b) 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 on 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.)
3. *Capital Commitment*—A tender for \$3.6 million has been accepted for the completion of Stage III of the new Auckland Building.

## 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 1983 and have obtained all the information and explanations we have required.

In our opinion the above financial statements are properly drawn up so as to give, under the historical cost convention as modified by the revaluation of land, a true and fair view of the state of affairs of the Bank as at 31 March 1983 and of its results for the year then ended.

Hutchinson, Hull & Co. } Chartered Accountants.  
McCulloch Menzies }

Wellington, New Zealand  
28 June 1983.

*Schedule of Civil Engineering and Building Contracts of \$20,000 or More in Value*

Name of Contract	Name and Address of Contractor	Amount of Contract \$	Date Advised
Henderson: New Goods Office	Bruce Dodd Ltd., 23A Lavelle Road, Henderson	25,151.00	28 June 1983
Wellington Station Building: Ground Floor Staff Amenities and Stores	MacDee Construction Ltd., P.O. Box 50033, Porirua	27,374.00	29 June 1983
Excavation and Concrete Work: Te Rapa Bulk Powder Wagon Repair Depot	McMillan and Lockwood Ltd., P.O. Box 100-70, Hamilton	41,779.00	19 May 1983

T. M. HAYWARD, General Manager.

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