

1944  
NEW ZEALAND

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# RESERVE BANK OF NEW ZEALAND

ANNUAL REPORT OF THE BOARD OF DIRECTORS AND STATEMENT OF ACCOUNTS FOR THE YEAR  
ENDED THE 31st MARCH, 1944

*Presented to both Houses of the General Assembly, pursuant to Section 20 of the Reserve Bank of  
New Zealand Amendment Act, 1936*

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## ANNUAL REPORT

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To the Hon. the MINISTER OF FINANCE

THE Board of Directors presents hereunder the report on the operations of the Reserve Bank during the financial year ended 31st March, 1944.

Mr. W. F. L. Ward, who since the 1st May, 1941, had been Acting-Governor of the Bank, was appointed Governor as from the 1st February, 1944, by Order in Council issued pursuant to section 25 of the Reserve Bank of New Zealand Act, 1933.

The net profit for the year, after making provision for depreciation and contingencies, amounted to £176,473 6s. 10d. This amount has since been paid into the Public Account to the credit of the Consolidated Fund.

### BALANCE-SHEET

The principal changes in the balance-sheet as at the 31st March, 1944, compared with that of the previous year, were as follows:—

#### LIABILITIES

##### *Bank Notes*

The notes outstanding at 31st March, 1944, amounted to £36,254,494 10s., an increase of approximately £5.9 millions for the year. Notes outstanding have increased every year since the Bank commenced business. The increase during the year under review is due in varying degree to the factors mentioned in last year's report—namely, full employment, high wages, overtime, the pay of the Services, and the presence of American troops in New Zealand—and, in addition, it is known that notes are being hoarded.

##### *Demand Liabilities*

(i) *State*.—Deposits under this heading declined by approximately £2.0 millions from £15.6 millions at the 31st March, 1943, to £13.6 millions at the 31st March, 1944. The decline was due largely to decreases in the accounts held in the Public Account and the Post Office Account.

(ii) *Banks*.—The increase of approximately £8.6 millions during the year to a total of £28,724,627 9s. 9d. in the deposits of the trading banks is due, in the main, to lower purchases of sterling from the Reserve Bank than in the previous year, Government expenditure of loans provided by the Bank, and the surplus of overseas receipts.

#### ASSETS

##### *Sterling Exchange*

The figure of £27,962,535 14s. 11d. at the 31st March, 1944, is an increase of approximately £9 millions for the year.

So far as New Zealand as a whole is concerned, this increase is largely offset by a decline in the trading banks' net overseas assets for the year. The total of the Reserve Bank's sterling exchange and the trading banks' net overseas assets as at the 29th March, 1943, was £37,069,500, and at the 27th March, 1944, £39,332,114.

*Advances to the State or State Undertakings*

(i) *Marketing Department*.—Advances under this heading declined during the year by £2,576,340 7s. 1d.

The Marketing Department has a number of accounts with the Bank. The figure given above represents the total of those accounts in respect of which advances have been made. Those accounts which have credit balances are not shown separately, but are included under the heading "Demand Liabilities—State."

During the last six months of the year under review the credit balances in the Department's accounts exceeded the advances outstanding.

(ii) *Other Purposes*.—The amount outstanding at the 31st March, 1944, is £35,885,000, this being an increase of £1.75 millions for the year.

The rates for accommodation granted to the State or State undertakings remained unchanged throughout the year, as follows:—

								Per Cent. Per annum.
Marketing Department—								
First £5,000,000	..	..	..	..	..	..	..	1
Thereafter	..	..	..	..	..	..	..	1½
General Purposes Treasury Bills—								
First £5,000,000	..	..	..	..	..	..	..	1
Thereafter	..	..	..	..	..	..	..	1½

## INVESTMENTS

The figure of £11,743,428 12s. 8d. is an increase of £1,448,593 2s. 2d. for the year. This is due almost entirely to the purchase of New Zealand Government Stock in London by the Bank in connection with the Sterling Loan totalling £7,339,656 and bearing interest at 4½ per cent. which matured on the 1st March, 1944.

A conversion offer was made for this loan, but no new cash subscriptions were invited.

Arrangements were made with the British Government, through the Bank of England, whereby any unconverted portion of the loan should be repaid on maturity date. As the unconverted portion, however, amounted to only approximately £1.3 millions sterling, the Bank provided the sterling and took up Stock to that amount.

Having regard to all the circumstances, the conversion is regarded as most successful.

## DISCOUNT RATE

The minimum rate for the discounting of approved bills of exchange has remained unchanged since 26th July, 1941, at 1½ per cent.

## EXCHANGE RATE

No alteration was made in the Bank's official buying rate for sterling, and no official selling rate was quoted.

## MANAGEMENT OF PUBLIC DEBT

During the year under review two major loan operations were undertaken by the Bank—the 3rd Liberty Loan and a Conversion Loan.

## 3RD LIBERTY LOAN

The Government decided that, for the financial year ending 31st March, 1944, the amount to be raised by loans would be £50 millions. Of this amount, £10 millions was estimated to become available for investment from Government Departments, leaving £40 millions to be raised by public war loans, including National Savings.

It was realized that, to obtain this sum, it would be necessary to institute a national campaign on a scale not previously undertaken, and accordingly a National War Loan Committee was set up comprising representatives from institutions and associations of a national character, with the Governor of the Bank as Chairman.

Prior to the announcement of the loan two conferences were held in Wellington, the first a conference of delegates from the District National Savings Committees, the second a conference of delegates from the Loan Committees set up in the various districts in connection with the 2nd Liberty Loan.

At these conferences it was arranged that the Committees should combine their efforts and work in conjunction with each other during the period of the loan; and as a result, very strong regional committees operated in every centre of importance throughout the country.

On 8th June the prospectus for the Loan was issued. Thirty-five million pounds was offered for subscription in the form of either—

- (1) New Zealand Government Stock authorized under the New Zealand Loans Act, 1932; or
- (2) Investment in National (War) Savings Bonds and National (War) Savings Accounts authorized in accordance with the National Savings Act, 1940.

It was anticipated that the balance of £5 millions required would be obtained through over-counter sales later in the year, or by means of advance subscriptions to the next War Loan.

The following Stocks were offered at par :—

2½ per cent. Stock repayable 15/6/1947–49.

3 per cent. Stock repayable 15/12/1953–56.

Three options were provided with regard to Stock applications :—

(a) Payment in full at time of application ; or

(b) £30 per cent. on application, £30 per cent. on 25th August, 1943, £40 per cent. on 6th October, 1943 ; or

(c) £30 per cent. on application, £10 per cent. on 11th August, 1943, £10 per cent. on the 11th day of each succeeding month up to and including the 11th February, 1944.

Interest was payable on all applications as from the date the deposits and instalments were received.

Bonds were issued under the National Savings Scheme in the following denominations : £1, £10, £100 ; and all depositors to National Savings Accounts received on their deposits interest at 3 per cent., those deposits made prior to 1st July, 1943, being repayable on the 30th June, 1945, and those made on or after the 1st July, 1943, on the 30th June, 1946.

The Bank had been authorized to accept advance subscriptions to the War Purposes Loan from the 1st February, 1943, and this arrangement received widespread support, particularly from those persons and institutions in receipt of regular investment income.

The response to the loan was most satisfactory, the amount of £35 millions set out in the prospectus being over-subscribed to the extent of approximately £5 millions. The subscriptions were as follows :—

Stock—							£
2½ per cent., 1947–49	..	..	..	..	..	..	12,605,565
3 per cent., 1953–56	..	..	..	..	..	..	17,221,035
National Savings—							
Bonds	..	..	..	..	..	..	2,131,277
Deposits, &c.	..	..	..	..	..	..	7,315,863
							<hr/>
							£39,276,740

The figures for National Savings included estimated receipts from the date of the closing of the loan up till the 31st March, 1944, at £2,250,000 ; but this figure was exceeded, the total deposits for the year, including proceeds from the sale of Bonds, being £10,404,097.

Individual subscribers for Stock numbered 63,501, and it was estimated on a conservative basis that purchasers of Bonds and depositors in National Savings Accounts numbered 368,000, making an estimated total of 431,000 supporters of the loan.

The work carried out by the Committees throughout New Zealand was of the highest order, and the Board desires to place on record its appreciation of the efforts of all Committees, institutions, organizations, and individuals whose sterling work and help played such a great part in the success achieved.

During the loan campaign the Minister of Finance stated that any over-subscription would be used by the Government to repay a portion of the amount owing in London under the Memorandum of Security. This was done, and a further £5 millions was required to complete the Government's borrowing programme for the year. The Bank, therefore, was authorized on the 19th October, 1943, to continue sales of the 3rd Liberty Loan Stock, and up to the 18th March, 1944—the date on which the sales were discontinued—a further £5,139,010 had been received.

#### CONVERSION LOAN

The Government gave notice, in the *New Zealand Gazette*, of its intention to exercise its option to repay on the 15th May, 1944, the £9,807,450 4-per-cent. Stock and Debentures maturing on the 15th February, 1943–46. The Bank issued, on the 11th February, 1944, a Conversion Loan prospectus inviting holders of the Stock to apply for conversion of their holdings as from the 15th May, 1944, into either—

2½-per-cent. Stock maturing 15/4/1949–51, with a premium of £1 per cent. ; or

3 per cent. Stock maturing 15/4/1960–63, with a premium of £3 per cent.

Interest on the old Stock is payable up to the 15th May, 1944, after which date interest ceases. The premiums of £1 per cent. and £3 per cent., respectively, on the nominal amount of securities tendered for conversion will be met by the issue of securities in the new loans for amounts of £5 or multiples thereof. Fractional amounts of £5 will be paid in cash on the conversion date.

Securities not converted are repayable at par on the 15th May, 1944.

Owing to wartime difficulties, a proportion of the holders of the Stock were unable to notify the Bank of their intentions regarding the conversion prior to the closing date stipulated in the prospectus, but at the 31st March, 1944, the position was as follows :—

Loan.					Number of Applications.	Amount.
						£
2½-per-cent., 1949–51	..	..	..	..	970	404,850
3-per-cent., 1960–63	..	..	..	..	6,851	7,241,620
					<hr/>	<hr/>
					7,821	7,646,470
Redemptions	..	..	..	..	3,728	1,290,235
					<hr/>	<hr/>
					11,549	£8,936,705

## EXCHANGE CONTROL

The following table gives a classification of foreign exchange transactions for the years ended 31st March, 1942, 1943, and 1944 :—

SUMMARY OF TRANSACTIONS  
(£(N.Z.)000)

Receipts	Year ended 31st March,			Payments.	Year ended 31st March,		
	1942.	1943.	1944.		1942.	1943.	1944.
In respect of—				In respect of—			
Exports .. .. .	72,774	80,885	74,118	Imports, excluding payments	39,623	33,103	30,837
Interest, dividends, legacies, immigrants' funds, repatriated capital, and private debts due in New Zealand	4,231	4,339	4,901	in respect of Government imports and in respect of goods imported prior to introduction of licensing system			
Trade debts due in New Zealand, including overseas earnings of New Zealand firms	2,897	3,687	3,216	Interest, dividends, legacies, emigrants' funds, repatriated capital, and private debts due overseas	3,782	3,643	3,778
Commissions, royalties, and insurance	166	252	250	Trade debts due overseas, including earnings in New Zealand of overseas firms and payments in respect of goods imported prior to introduction of licensing system	2,294	3,445	2,372
Donations and allowances ..	431	290	350	Government debt and other services, including payments in respect of imports	34,501	16,981	48,787
Travellers' expenses ..	268	493	194	Local-body-debt services ..	1,800	2,013	1,414
Receipts on account of American Authorities and personnel	..	5,057	16,440	Commissions, royalties, and Insurance	549	922	846
Receipts by High Commissioner in London	..	599*	4,081*	Donations and allowances ..	606	565	787
Unclassified .. .. .	504	395	294	Film hire and entertainments	226	794	619
				Travellers' expenses ..	198	72	113
				American Authorities and personnel	..	1,832	6,318
				Unclassified .. .. .	..	..	405
	81,271	95,997	103,844		83,579	93,370	96,272

\* Previously included in "Unclassified."

The most notable feature in this table is the increase in receipts on account of American Authorities and personnel. This has arisen as a result of the presence in New Zealand of American servicemen.

The procedure for licensing of overseas trade has not been amended during the year, though bulk buying of goods by the Government has increased.

The administration of the Finance Emergency Regulations 1940 (No. 2) has continued to operate smoothly.

## TRADING BANKS

The position of the trading banks, as shown by the main items in their monthly returns, has been as follows :—

ASSETS  
(£(N.Z.)000)

Last Monday in Month.	Deposits at Reserve Bank.	Reserve Bank Notes.	Total Cash in New Zealand.	Net Overseas Assets.	Government Securities.	Advances and Discounts.
1943						
March .. .. .	19,682	4,172	24,446	14,852	36,166	44,931
April .. .. .	26,168	3,901	30,536	13,644	36,159	42,625
May .. .. .	32,762	4,398	37,700	11,937	36,158	41,692
June .. .. .	30,111	4,837	35,458	10,502	36,158	42,022
July .. .. .	25,303	4,973	30,942	8,805	36,236	42,119
August .. .. .	27,871	4,556	33,166	8,651	36,142	42,157
September .. .. .	30,522	4,562	35,834	9,254	36,142	42,141
October .. .. .	29,214	4,397	34,287	9,525	36,143	44,042
November .. .. .	28,313	5,685	34,738	9,612	36,143	45,415
December .. .. .	33,337	4,361	38,250	9,236	36,142	44,741
1944						
January .. .. .	37,925	5,338	44,027	9,713	36,142	44,496
February .. .. .	39,053	5,691	45,503	10,930	36,142	43,256
March .. .. .	29,890	5,060	35,683	11,584	36,142	46,896

## LIABILITIES IN NEW ZEALAND

(£(N.Z.)000)

Last Monday in Month.	Demand Liabilities.	Time Liabilities.	Total Demand and Time Liabilities.
<b>1943</b>			
March .. .. .	77,139	28,559	105,698
April .. .. .	81,329	28,696	110,025
May .. .. .	83,165	29,060	112,225
June .. .. .	78,993	29,041	108,033
July .. .. .	72,710	28,772	101,482
August .. .. .	75,502	29,196	104,698
September .. .. .	78,528	29,693	108,221
October .. .. .	78,184	29,719	107,903
November .. .. .	79,212	29,561	108,774
December .. .. .	84,130	29,981	114,111
<b>1944</b>			
January .. .. .	88,515	29,568	118,083
February .. .. .	89,369	29,760	119,129
March .. .. .	85,091	29,723	114,814

The most marked change during the year was shown in deposits at the Reserve Bank, the figure for which rose from £19,682,000 at March, 1943, to £39,053,000 at February, 1944. During March, 1944, when income-tax was payable, deposits declined to £29,890,000 as at the last Monday in the month. This represented an increase of 51·9 per cent. for the year.

Bankers' cash, comprising the trading banks' deposits at the Reserve Bank and their holdings of notes and coin, increased by £11,237,000 during the year, a net increase of 46·0 per cent.

There was a sharp decline in the figures for net overseas assets from £14,852,000 at 29th March, 1943, to £8,651,000 at 30th August, 1943, the lowest figure recorded since January, 1940. From August, 1943, however, net overseas assets rose steadily, reaching the total of £11,584,000 at 27th March, 1944, leaving a net decrease of £3,267,000 for the year.

Government securities remained steady throughout the year, showing only a small decrease of £21,000 from the figure of £36,166,000 as at 29th March, 1943.

The decline in advances and discounts recorded in the two previous financial years did not continue, a net increase of £1,966,000 being shown for the year. The ratio of advances and discounts to total demand and time liabilities fell from 42·5 per cent. at March, 1943, to 40·8 per cent. at March, 1944.

On the liabilities side both demand and time liabilities showed an upward trend, demand liabilities having the widest fluctuations, the lowest figure being £72,710,000 as at 26th July, 1943, and the highest being £89,369,000 as at 28th February, 1944. The fall in June and July was attributable to subscriptions by the public to the War Loan being paid over to the Reserve Bank.

The net increase of 10·3 per cent. (£7,952,000) for demand liabilities for the year ended March, 1944 continues the upward trend of the previous year, when a net increase of 25·4 per cent. (£15,614,000) was recorded.

Total demand and time liabilities, which stood at £114,814,000 at 27th March, 1944, showed a net increase of £9,115,000 over the corresponding March, 1943, figure of £105,698,000.

## MONEY SUPPLY IN NEW ZEALAND

The following tables set out in detail the changes that have occurred in the amount of money in actual circulation in New Zealand in the form of coin, notes, and demand deposits of the Reserve Bank and the trading banks since 1939 :-

## VOLUME OF MONEY IN CIRCULATION IN NEW ZEALAND IN THE FORM OF COIN, NOTES, AND BANK DEMAND DEPOSITS\* (LAST MONDAY IN DECEMBER)

*Volume of Money*

(£(N.Z.) millions)

	1939.	1940.	1941.	1942.	1943.
Coin (estimated) .. .. .	1·7	1·8	1·9	2·4	2·6
Notes held by public .. .. .	15·6	17·4	20·2	27·1	33·4
Demand deposits at—					
(a) Reserve Bank† .. .. .	2·9	8·4	9·2	11·4	17·0
(b) Trading banks‡ .. .. .	41·3	49·7	54·0	70·9	84·1
Total .. .. .	61·5	77·2	85·3	111·8	137·1
Change during year .. .. .	..	+15·7	+8·1	+26·5	+25·3

For notes see page 6.

*Causes of Changes in Volume of Money*

	1939-40.	1940-41.	1941-42.	1942-43.
Overseas transactions§ .. .. .	+7.6	+1.9	+15.3	+2.3
Bank credit—				
Reserve Bank—				
Advances .. .. .	+4.4	—1.5	+3.3	+12.5
Investments .. .. .	+0.4	..	+0.6	+5.9
Trading banks—				
Advances .. .. .	—3.1	+2.4	—6.5	+0.8
Investments .. .. .	+2.5	+5.9	+11.4	+2.7
Shift from time to demand deposits at trading banks	+2.5	+0.4	+0.2	—1.2
Other items .. .. .	+1.4	—1.0	+2.1	+2.4
Change during year .. .. .	+15.7	+8.1	+26.5	+25.3

*Changes in Volume of Money*

	1939-43.
Coin (estimated) .. .. .	+1.0
Notes held by public .. .. .	+17.7
Demand deposits at—	
(a) Reserve Bank†	+14.1
(b) Trading banks‡	+42.8
Total .. .. .	+75.6

*Causes of Changes in Volume of Money*

	1939-43.
Overseas transactions§ .. .. .	+27.0
Bank credit :—	
Reserve Bank—	
Advances .. .. .	+18.7
Investments .. .. .	+7.0
Trading banks—	
Advances .. .. .	—6.4
Investments .. .. .	+22.5
Shift from time to demand deposits at trading banks	+1.9
Other items .. .. .	+4.9
Total .. .. .	+75.6

## NOTES

\* Excludes deposits held at savings-banks.

† I.e., Government and other demand deposits at Reserve Bank, excluding trading banks' balances at Reserve Bank.

‡ I.e., trading banks' total demand liabilities in New Zealand.

§ As shown by changes in Reserve Bank's sterling exchange and trading banks' assets overseas in respect of New Zealand business, less overseas liabilities. Plus sign indicates that overseas exchange receipts exceeded disbursements, and minus sign indicates an excess of disbursements.

|| Minus sign indicates shift from demand to time deposits.

As indicated by these tables, the amount of immediately available spending-power in the form of coin, notes, and bank deposits increased by £(N.Z.)75.6 millions during the four-year period 1939-43.

The three principal causes of the increase are—

- Receipts from overseas in excess of payments overseas amounting to £(N.Z.)27 millions.
- Net increase in trading banks' advances and investments, £(N.Z.)16.2 millions.
- Net increase in Reserve Bank advances and investments, £(N.Z.)25.6 millions.

Notwithstanding the fact that a high degree of success has been achieved in implementing the policy of meeting war expenditure out of taxation and loans from genuine savings, there has been an increase of £(N.Z.)41.8 millions, or 45 per cent., in the combined advances and investments of the Reserve Bank and the trading banks since the end of 1939.

Of the £(N.Z.)137 millions of immediately available spending-power in December, 1943, the Government held £(N.Z.)17 millions on current deposit at the Reserve Bank and also a proportion of the coin and notes in active circulation. The balance, amounting to probably more than £(N.Z.)125 millions, was in the hands of the general public and constituted a potential immediate demand for locally produced and imported goods and services.

With the inevitable diversion of resources to war requirements, the quantities of goods available for civilian consumption have been considerably reduced, and the expansion of spending-power has in New Zealand, as in other countries, created difficult problems of price stabilization.

When the time arrives that a wider range of commercial imports becomes more readily available, some of the expanded spending-power will, presumably, be absorbed in a net outflow of money on account of overseas business, thus simultaneously reducing the amount of money in circulation in New Zealand and increasing the supply of goods, and thereby lessening the gap between spending-power and available commodities. No doubt, also, the wise use of productive resources will make possible larger supplies of locally produced goods for civilian consumption when the demands of war have ceased. Nevertheless, in spite of these considerations, the greatly expanded volume of money in circulation is a factor to be taken into account in considering any plans for the full use of material and human resources during the remainder of the war period and in the preservation of economic and financial stability in the post-war period.

It is essential in the interests of maintaining economic stability that, as far as possible, war expenses should be defrayed from the proceeds of taxation, which should be as high as practicable, and from loans derived from genuine savings, thus minimizing the danger of expansion of credit which is common to countries at war and is in practice unavoidable.

Provided the Government's sound policy of economic stabilization involving controls over prices, costs, wages, &c., is fully maintained, and the surplus spending-power prevented from pervading the whole price structure, the existing supply of money in New Zealand is more than adequate for the financing both of our war effort and of all the activities that can be diverted from war purposes to supplying essential civil requirements.

In view of the well-recognized fact that a superabundance of money in relation to available goods and services exerts an upward pressure on prices and a downward pressure on the purchasing-power of the money, it follows that (apart from temporary finance against Government revenue) any further increase of money in circulation through the medium of credit creation could not fail to accentuate the wartime difficulties of maintaining the financial structure of the country on a safe and strong foundation.

Whole-hearted support by every member of the community of every measure which is designed to utilize the money which is already in existence for all necessary war and civil purposes will bring its reward in a measure of financial and economic stability which will thoroughly justify any immediate sacrifice involved.

#### STAFF

The staff at the 31st March, 1944, totalled 285, of whom 143 were temporary employees. During the year 8 returned to duty, having been discharged from the Armed Forces. There are 30 men and 1 woman absent on war leave—8 in the Navy, 14 in the Army, and 9 in the Air Force.

The growing volume of central bank business, arising particularly out of war requirements, has placed an added strain on all departments of the Bank, involving long hours of work, and the Board desires to place on record its great appreciation for the consistently high standard of performance of the staff throughout the year.

For and on behalf of the Board of Directors :

W. F. L. WARD, Governor.

E. C. FUSSELL, Deputy Governor.

16th June, 1944.

## RESERVE BANK OF NEW ZEALAND

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1944

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
General charges, including salaries, rent, cost of note issue, and other expenses	221,890	13	9	Balance of profit after making provision for rebate on Treasury Bills not yet due, and for sundry liabilities and contin- gencies	698,364	0	7
Balance, being profit for year	476,473	6	10				
	<u>£698,364</u>	<u>0</u>	<u>7</u>		<u>£698,364</u>	<u>0</u>	<u>7</u>

## PROFIT AND LOSS APPROPRIATION ACCOUNT

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
Payments to New Zealand Government in terms of section 36 of Reserve Bank of New Zealand Act, 1933	379,118	11	1	Balance as at 1st April, 1943	379,118	11	1
Balance	476,473	6	10	Balance from Profit and Loss Account	476,473	6	10
	<u>£855,591</u>	<u>17</u>	<u>11</u>		<u>£855,591</u>	<u>17</u>	<u>11</u>

## BALANCE-SHEET AS AT 31ST MARCH, 1944

<i>Liabilities</i>	£	s.	d.	<i>Assets</i>	£	s.	d.
General Reserve Fund	1,500,000	0	0	Gold (at face value)	2,801,877	10	0
Bank notes	36,254,494	10	0	Sterling exchange	27,962,535	14	11
Demand liabilities:—				Subsidiary coin	60,788	8	4
(a) State	13,550,448	12	6	Advances to the State or State under- takings:—			
(b) Banks	28,724,627	9	9	(1) Marketing Department	1,643,272	16	1
(c) Other	529,579	2	3	(2) For other purposes	35,885,000	0	0
Liabilities in currencies other than New Zealand currency	61,342	8	6	Investments	11,743,428	12	8
Other accounts	1,644,244	17	0	Other assets	2,644,307	4	10
Profit and Loss Appropriation Account	476,473	6	10	N.B.—Holdings of sterling have been converted into New Zealand cur- rency at the rate of £100 sterling equals £124(N.Z.).			
	<u>£82,741,210</u>	<u>6</u>	<u>10</u>		<u>£82,741,210</u>	<u>6</u>	<u>10</u>

W. F. L. WARD, Governor.

E. C. FUSSELL, Deputy Governor.

W. R. EGGERS, Chief Accountant.

*Auditors' Certificate and Report.*—We have audited the balance-sheet as at 31st March, 1944, above set forth and have obtained all the information and explanations we have required.

We have accepted the certificate of the Bank of England as to assets held on account of the Reserve Bank of New Zealand.

In our opinion the balance-sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank as at 31st March, 1944, according to the best of our information and the explanations given to us and as shown by the books of the Bank.

D. G. JOHNSTON }  
J. L. GRIFFIN } Public Accountants, Auditors.

Wellington, New Zealand, 26th June, 1944.

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