

1947
NEW ZEALAND

BANK OF NEW ZEALAND

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED
31st MARCH, 1947, AND BALANCE-SHEET AT THE 31st MARCH, 1947

*Presented to both Houses of the General Assembly pursuant to Section 15
of the Bank of New Zealand Act, 1945, and Section 24 of the Bank
of New Zealand and Banking Amendment Act, 1898*

To the Right Hon. the MINISTER OF FINANCE.

THE Board of Directors presents hereunder the report on the operations of the Bank of New Zealand during the financial year ended 31st March, 1947, in accordance with section 15 of the Bank of New Zealand Act, 1945.

PROFIT AND LOSS ACCOUNT AND DIVIDEND

The profits, after providing for expenses of management, and for all bad and doubtful debts, and other contingencies, and after making provision for the annual donation to the Provident Fund, are ..				£	s.	d.
				435,250	7	8
To which has to be added : Balance brought forward from last year ..				360,119	17	7
				<hr/>		
				795,370	5	3
From which has been paid : —				£	s.	d.
Dividend on Preference A shares				45,000	0	0
Interim dividend on C Long-term mortgage shares ..				6,328	2	6
Interim dividend on D Long-term mortgage shares ..				15,820	6	3
Interim dividend on preference B shares				18,750	0	0
Interim dividend on ordinary shares				112,500	0	0
				<hr/>		
				198,398	8	9
				<hr/>		
Leaving available for distribution				596,971	16	6
				<hr/>		
This the Directors propose should be disposed of as follows :—						
Dividend on C long-term mortgage shares at 6 per cent. per annum				£	s.	d.
				7,031	5	0
* Reduced by 1d. for every 13½d. or part thereof ..				527	6	11
				<hr/>		
				6,503	18	1
Dividend on D long-term mortgage shares at 7½ per cent. per annum				17,578	2	6
* Reduced by 1d. for every 13½d. or part thereof ..				1,318	7	3
				<hr/>		
				16,259	15	3
Dividend on preference B shares (making £43,750 for the year) ..				25,000	0	0
Dividend at rate of 4 per cent. on ordinary shares (making £262,500 for the year, equal to 7 per cent.)				150,000	0	0
Leaving balance to be carried forward ..				399,208	3	2
				<hr/>		
				£596,971	16	6

Such dividends to be paid in New Zealand currency.

* Reduction on account of New Zealand social security charge in pursuance of section 9, Finance Act (No. 2), 1941.

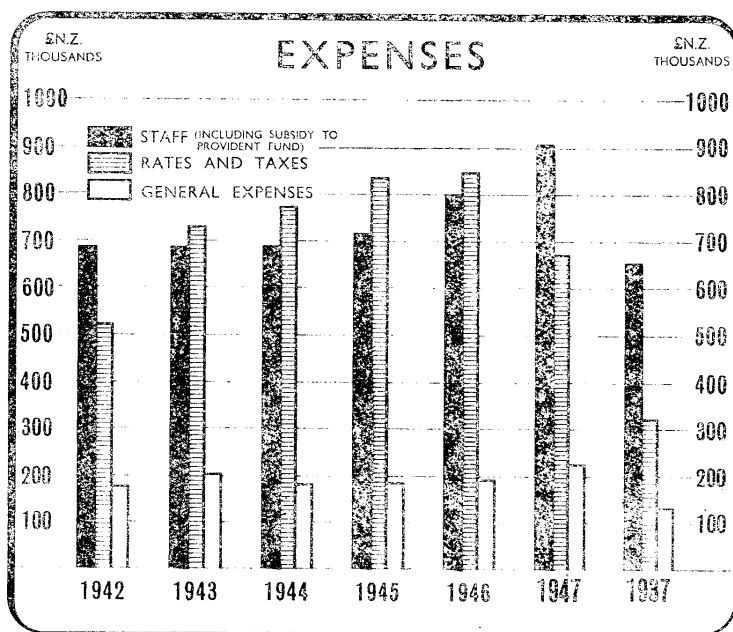
The gross profit for the year amounted to	£2,100,630, an increase of £1,584
Expenses amounted to	£1,665,380, a decrease of £39,587
Leaving net profit as above	£435,250, an increase of £41,171

The main fluctuations in expenses are :—

Salaries and allowances: Up	£97,546
General expenses: Up	£38,442
Rates and taxes: Down	£178,502

The reduction in rates and taxes this year is mainly caused by the reduction in New Zealand of the $33\frac{1}{3}$ per cent. additional tax to 15 per cent. and the net reduction of sixpence in the pound for social security and national security taxes.

The graph following shows the movement in expenses during the past six years and also for a pre-war year (1937) for comparison. The influence of the war on the expense of running a business is clearly indicated.

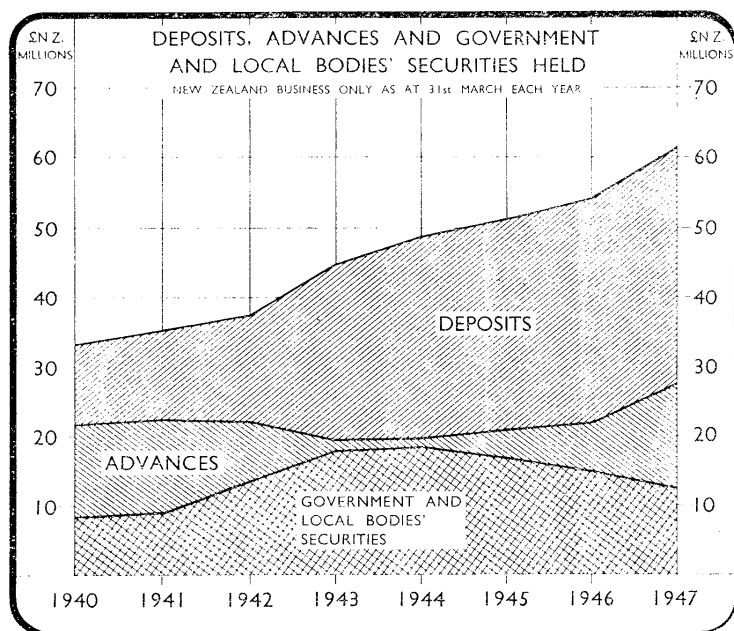


The interest earnings of the business increased during the year owing to the higher average of advances, less the reduction in investment income due to repayment of Government loans. There was also an increase in the revenue from exchange owing to the greater volume of transactions resulting from the return to a peace economy. It was considered prudent to strengthen somewhat the internal reserves, having regard to the uncertainties of the post-war period. As mentioned in previous reports, there has been for some years a steady recovery of amounts previously set aside as reserves against bad and doubtful debts, but this is a diminishing item, and, the period of decreasing overdrafts having now come to an end, the Profit and Loss Account is not likely to benefit from recoveries to the same extent.

BALANCE-SHEET

Deposits: Fixed and Free.—These at £69,812,665 show a further increase this year of £7,671,096. In the last two years the increase has been £12,065,595. The increase is reflected in the increases in coin, Reserve Bank notes, and deposits with bankers under the next heading.

Graph (2) shows the movement since 1940 in deposits and in advances and investments for our New Zealand business only.



Coin, Reserve Bank Notes and Deposits with Bankers (£26,357,129).—These show an increase this year of £6,095,013 and an increase over the last two years of £9,256,664, the figures for 1946 being £20,262,116, and for 1945, £17,100,465.

As previously mentioned, these increases follow and are a corollary of the increases in deposits.

Our Reserve Bank Account and holding of Reserve Bank notes show an increase of £3,744,411 and now stand at £22,520,863 (viz., £17,861,055 and £4,659,808 respectively).

Our statutory deposit with the Reserve Bank of New Zealand amounted to £3,863,955, leaving us with surplus cash in this account amounting to £13,997,100 at balance date. It will readily be seen that the Bank's position is one of great liquidity. The holding of so much idle money is, of course, unprofitable, as the Reserve Bank allows no interest on these deposits.

Money at Call and Short Notice, Government Securities, and other Securities in London, £7,463,020, a decrease of £3,027,848.

The reduction in our call money was £3,050,000, but against this coin and cash on hand and balances with bankers, including overseas bankers, showed an increase of approximately £1,800,000. There is no particular significance in this movement as the balances are affected by day-to-day operations.

As you are aware, the Bank has substantial commitments and contingent liabilities against the funds shown under this heading. Under the present exchange-control system the Reserve Bank holds the bulk of the Dominion's overseas funds.

The total of our investments in London has not changed materially during the year, and includes £3,575,000 British Government securities, in which the Bank's Reserve Fund is invested.

New Zealand Government Securities, £11,532,563, a reduction of £2,211,586, accounted for by the Government redemption of stock which fell due during the year.

As mentioned last year, the Government, as a matter of policy, is not permitting the trading banks to subscribe for or take up Government loans.

Australian Government Securities, £1,089,953, show no change during the year.

Fiji Government Securities, £202,100, an increase of £152,100, accounted for by our taking up Fiji Government debentures under an underwriting contract.

Municipal and other Local-body Securities, £1,372,576, a decrease of £94,119, due to repayments.

Under Government policy the trading banks are not taking up local-body loans.

Other Advances and Securities and Debts due to the Bank (after deducting provision for Bad and Doubtful Debts), £30,728,494. *Bills discounted*, £842,490, show a total increase for the year of £6,872,429. This increase in advances over last year was expected and is symptomatic of the return of business to peacetime conditions. Importations of trade goods instead of munitions of war, the change-over of factories from the making of goods for the use of the Armed Forces to the making of goods for civilian use, the restocking of warehouses, factories, and shops, &c., have all meant increased demands for overdraft accommodation. A further cause is the rise of costs and prices. Every rise in wages and every increase in the price of goods causes more pressure on the working capital of business and is frequently reflected in an increase in Bank advances. Delay in completion of jobs, due to shortage of materials, industrial disturbance, or any other cause, has also the same result. Shipping delays, both in New Zealand and overseas, also increase the pressure. Owing to these shipping delays, overseas manufacturers and exporters frequently require a cash payment as soon as goods are ready for shipment, as against the ordinary method of payment against shipping documents. This means that the New Zealand importer has to stand out of his money much longer, with resultant pressure on his bank account. The fact that business can readily avail itself of bank credit to meet conditions which often arise quite unexpectedly enables the economy of the country to be carried on much more smoothly than would otherwise be the case, and it is very desirable that the banking system should be maintained in a strong and flexible condition so that it can shoulder any demands without undue strain. Fortunately, this is the position to-day, and the Bank of New Zealand is in a particularly favourable position to meet all requirements.

The Reserve Bank of New Zealand has laid down certain principles governing the advance policy of all the banks in New Zealand with the object of restricting the use of Bank credit for purposes which would more suitably be financed by either share capital or by borrowing outside the banking system. In past years a good deal of the capital required for development of both primary and secondary industry was provided by the banks, and this assisted the economy of the country enormously at a period when the country's early growth was hampered by the lack of capital. At present, with the increase of the money supply resulting from the necessities of war finance, there is ample capital seeking investment, as evidenced by the over-subscription of all recent share issues.

The following figures relating to our New Zealand business show the analysis of the advances as at March under the various headings for statistical purposes and for comparison the figures for the previous year are added. For this purpose the figures have been reduced to percentages of the total advances for each of the two years :—

(New Zealand business only)						26th March, 1946. Per Cent.	26th March, 1947. Per Cent.
Farmers	..	..	..	..	..	39·10	34·11
Industries allied to primary production	..	..	..	..	..	14·72	15·75
Other manufacturing and productive industries	..	..	..	..	..	10·31	10·15
Merchants, wholesalers	..	..	..	..	..	4·24	8·15
Retailers	..	..	..	..	..	5·19	6·28
Transport	..	..	..	..	..	1·43	1·54
Local bodies, municipal authorities, public utility concerns, &c.						1·77	1·73
Stock and station agents	..	..	..	..	..	1·15	1·33
Hotels, restaurants, &c.	..	..	..	..	..	3·42	3·61
Entertainment concerns	..	..	..	..	..	0·50	0·39
Financial companies, societies, &c.	..	..	..	..	..	1·56	1·35
Religious and charitable	..	..	..	..	..	0·35	0·39
Professional	..	..	..	..	..	1·96	1·82
Private individuals	..	..	..	..	..	10·04	9·05
Miscellaneous	..	..	..	..	..	4·26	4·35

These figures show clearly that, apart from the all-round increase due to higher prices and higher costs and increased turnover, there has been a very marked increase in the requirements of the wholesale and retail trades, which together accounted for 14·43 per cent. of the total advances at March last, as against 9·43 per cent. in the previous year. The reasons for this increase have been indicated above—principally restocking at higher prices.

The increase in the advances is a normal movement in accordance with the circumstances of the times, and provides the Bank with increased revenue with which to meet its own increasing costs. It is obvious that with the large increase in deposits and a growing clientele, staff and office accommodation must increase, with proportionate increase in costs, and it is necessary that the earning-capacity of the Bank should expand correspondingly.

As an offset to the increase in the advances, the amount invested in Government loans, which was largely increased in the early years of the war to support the war loans, has been heavily reduced. This is the result of Government policy rather than any need on the Bank's part to realize the investments. As the various loans have matured the Government has paid them off, and as the trading banks are not permitted to purchase new Government loans the result is a reduction in the total of investments. The reduction in the Bank's investments in the past twelve months amounts to £2,103,979, but, as indicated by the figures above, this reduction in interest earning investments has been compensated by the increase in advances.

FINANCE FOR PRIVATE HOUSE BUILDING UNDER LOCAL-BODY-GUARANTTEE SCHEMES

The arrangements mentioned in last year's report are functioning smoothly, and individual advances, totalling just on £200,000, have so far been arranged for under the various schemes set up under the empowering legislation. This will increase as private house building progresses, and is a particularly useful outlet for our long-term-mortgage funds.

CURRENT ACCOUNTS

The rate of increase in the number of accounts as compared with the past eight years has been more than favourably maintained.

DROUGHT RELIEF

Mention was made in last year's report of the conditions, arranged by the Government with the Bank to afford financial assistance up to a maximum in any one case of £200, to certain farmers in districts affected by drought.

Loans for this purpose were mainly repayable over two years, and repayments are being well maintained. This method of affording assistance to the farmers adversely affected by drought conditions has worked smoothly, and, as far as the Bank can see, quite satisfactorily.

WOOL

The system under which the New Zealand wool clip was sold from the outbreak of war in 1939 was brought to a close on 30th June, 1946, when the pre-war system of sale by auction was reverted to. The large Government holdings of old wool are being included in the auctions under arrangements made by the Governments interested, these arrangements being expressly designed to avoid the dislocation of the market.

Wool auctions were resumed in New Zealand on the 18th September, 1946, and have continued throughout the season.

The return to normal trading methods has called for finance from the banks to pay for the wool from the time it is sold at auction until it is paid for by the overseas buyer. During the war years the transactions were between Governments, and wool exports were settled for without utilizing the services of the trading banks. The restoration of the market has, of course, also necessitated the revival of the system of overseas bank credits to enable the wool-buyers to obtain delivery of the wool for export. In the early part of the season some difficulties and delays occurred, mainly in the establishing of letters of credit, for which exchange permits from various overseas exchange control authorities were required, but these difficulties are being straightened out and the business is working smoothly and satisfactorily.

Our London office and our complete overseas banking arrangements, are very important factors in ensuring that we handle our proportion of the Dominion's wool export business.

AUSTRALIA

Our Australian business has been well maintained, and our branches in Sydney and Melbourne are performing a very useful function which is of distinct use to our many customers who do business with Australia. Under Australian banking legislation, any increase in our Australian assets over the figure at August, 1939, has to be placed on deposit with the Commonwealth Bank. As our business has increased, we have therefore had to increase our deposit in the "Special Account," and at 31st March last it stood at £1,185,000. Interest at 10s. per cent. per annum is allowed by the Commonwealth Bank on special account balances.

FIJI AND SAMOA

Our branches at Suva and Apia have maintained their business, and are now feeling the influence of the return to ordinary trading. Both colonies have emerged from the war in prosperous condition, and we have had to increase the staff to cope with the volume of business.

LONDON

Our business has been more active owing to the greater volume of ordinary trading, including the return to pre-war methods of selling wool.

We have recently concluded satisfactory arrangements for the extension of the lease of our premises at No. 1 Queen Victoria Street, which for so very many years has been our London address. We were fortunate that the building was only slightly damaged in the "Blitz," as we would have deeply regretted leaving it.

The London office is well equipped to handle the extensive business resulting from the Dominion's trade with England and also with the rest of the world, a great deal of which is settled for through London. A proportion of the staff consists of New Zealanders, and special efforts are made to facilitate the business of all persons who go to London from the Dominion, or *vice versa*.

SHAREHOLDING

The number of shareholders remaining on the overseas registers at 31st March last was :—

	Ordinary Shares.	D.L.T.M. Shares.
London Register : 84 shareholders	.. 12,957	2,766
Australian Register : 7 shareholders	.. 1,759	173
	14,716	2,939

BOARD OF DIRECTORS

There has been no change in the personnel of the Board during the year.

In June last Mr. T. F. Tallents, M.C., was appointed to the London Board, and this was the only change in our local Boards in London, Melbourne, and Sydney. The Board desires to again place on record its appreciation of the services of our local Directors.

PREMISES

New premises being erected for Alexandra branch are nearing completion and should soon be ready for occupation. The new building at Otahuhu was occupied in December last and is filling a much-needed want. Subject to difficulties in regard to labour and materials, our buildings are being maintained in good repair.

Under the existing system of priorities for new buildings we are unable at present to obtain permits for the erection of new premises, and this is preventing us from opening new branches at several points where banking facilities are required. At a number of places our present buildings are proving too small for current needs, and with increasing age would be better replaced by new buildings. To ease the congestion we have, where it has been practicable, made interior alterations or such additions as have been approved by the Building Control. This method has definite limitations, and in some cases is only justified by present conditions. Unless there is an easing in the situation presently, we will in some places have difficulty in giving our customers the service we would like, and our staff the conditions to which they are entitled. In Auckland, where the city and business show marked growth and expansion, we urgently require a new building to replace our existing main business premises in Queen Street, but up to the present the necessary building permit has not been obtained. Plans were drawn before the war for a substantial building that would not only give us the banking premises required, but would also provide other much-needed letting space for offices in Auckland.

BRANCHES

During the year a branch was opened at Te Kauwhata, where we previously conducted an agency. We were able here to obtain the use of a building, which was reasonably suitable for our purposes, until it is possible to build. As mentioned above, we are desirous of opening several new branches, but are unable to do so until the necessary buildings can be erected.

AGENCIES

Agencies which had been closed during the war for the purpose of economizing in staff were reopened at the following points: Awanui, Clevedon, Darfield, Drury, Edgecumbe, Granity, Heriot, Hikutaia, Kelso, Kerikeri, Lauder, Manakau, Manurewa, Mount Albert, Mount Eden, Ohaeawai, Okaihau, Onga Onga, Otaki Railway, Papatoetoe, Pokeno, Richmond, Taupo, Waharoa, Waikari, Wakefield.

All agencies closed during the war have now been reopened, except at three points where reopening has not been considered warranted.

The following new agencies were opened: Brown's Bay, Frankton Junction, Great South Road Terminus (Newmarket), Grey Lynn (Newton), Howick, Kaihere, Kaukapakapa, Kumeu, Manukau Road (Newmarket), Midway (Gisborne), New Lynn (Newton), Okaiawa, Penrose, Point Chevalier (Newton), Royal Oak (Onehunga), Ruatoria, Sandringham, Seddon, Silverdale, Waikanae, Waimauku, Waingaro, Wanganui East.

STAFF

At 31st March, 1947, there were still six members of the staff on military service out of the 921 who served in the Armed Forces. As was to be expected, judging from our experience in the first World War, a certain number of our returned men have sought other occupations after their return to New Zealand, and, of course, we have also lost those men who died as war casualties. The totals for the two wars are as follows:—

	World War I.	World War II.
Deaths	71	54
Resignations of returned men.. .. .	94	93
Total enlistments	570	921

It will be seen that the losses of staff due to war were less on this last occasion, and whereas we lost 29 per cent. of those who enlisted in the first war, the loss was 16 per cent. in the second war. This loss of staff, confined chiefly to the twenty to thirty age-group, plus the impossibility during the war years of recruiting the normal number of male juniors, has created a serious gap in our staff which will be felt for many years, as it was after the earlier war. We are taking all possible steps to maintain the staff, both as to numbers and quality.

With the expansion of our business the staff is increasing, and is now:—

Men	1,468
Women	394
Total	1,862

Careful consideration has been given to staff salaries, and increases granted where merited, bearing in mind the limits fixed under the Economic Stabilization Emergency Regulations. A bonus of 7½ per cent. was again paid to officers above salary scale.

Many of our officers retired on pension have been feeling the pressure of the rising cost of living, and the Board decided to assist them by way of a bonus, as has been done under similar circumstances on earlier occasions. Married pensioners were granted £30, single pensioners £15, and widow life pensioners £10.

As from 1st April, 1946, the five-day week for banks in New Zealand was inaugurated, and 3 o'clock closing on week-days was reverted to. This has proved to make for very busy working-days, but our staff have worked loyally and well, and the Board again wishes to place on record its high appreciation of the services of the staff in New Zealand, Australia, Fiji, Samoa, and London.

For and on behalf of the Board of Directors,

A. T. DONNELLY, Chairman.

Head Office, Bank of New Zealand, Wellington.

28th May, 1947.

“ A ”

BANK OF NEW ZEALAND

Incorporated by Act of the General Assembly, 29th July, 1861

AUTHORIZED CAPITAL

					£	s.	d.
Preference A shares—500,000 at £1	..	..	..	..	500,000	0	0
C long-term mortgage shares—468,750 at £1	..	..	..	..	468,750	0	0
D long-term mortgage shares—937,500 at £1	..	..	..	..	937,500	0	0
Preference B shares—1,375,000 at £1	..	..	..	..	1,375,000	0	0
Ordinary shares—3,750,000 at £1	..	..	..	..	3,750,000	0	0
					£7,031,250	0	0

SUBSCRIBED CAPITAL

					£	s.	d.
Preference A shares	..	..	..	..	500,000	0	0
C long-term mortgage shares	..	..	..	..	234,375	0	0
D long-term mortgage shares	..	..	..	..	468,750	0	0
Preference B shares	..	..	..	..	1,375,000	0	0
Ordinary shares	..	..	..	..	3,750,000	0	0
					£6,328,125	0	0

PAID-UP CAPITAL

					£	s.	d.
Preference A shares	..	..	..	..	500,000	0	0
C long-term mortgage shares	..	..	..	..	234,375	0	0
D long-term mortgage shares	..	..	..	..	468,750	0	0
Preference B shares	..	..	..	..	1,375,000	0	0
Ordinary shares	..	..	..	..	3,750,000	0	0
					6,328,125	0	0
					£	s.	d.
Reserve Fund	..	..	..	3,575,000	0	0	
Undivided profits	..	..	..	399,208	3	2	
					3,974,208	3	2
					£10,302,333	3	2

BANK OF NEW ZEALAND

BALANCE-SHEET AT 31ST MARCH, 1947

<i>Liabilities</i>		£	s.	d.	£	s.	d.	£	s.	d.
<i>Capital—</i>										
Preference A fully paid £1 shares	Coin, Reserve Bank notes, and deposits with bankers ..	500,000	0	0	26,357,128	14	8			
C long-term mortgage fully paid £1 shares ..	Government notes : Common-wealth, Fijian, and Samoan Administration ..	234,375	0	0	114,992	5	0			
D long-term mortgage fully paid £1 shares ..	Balances due by other banks ..	468,750	0	0	1,243,437	17	5			
Preference B fully paid £1 shares	Money at call and short notice, Government securities, and other securities in London ..	1,375,000	0	0	7,463,020	2	2			
Ordinary fully paid £1 shares	Bills receivable in London and in transit ..	3,750,000	0	0	629,649	18	10			
Reserve Fund (invested in British Government securities)	New Zealand Government securities ..				11,532,563	2	9			
Deposits ..	Australian Government securities ..				1,089,953	8	6			
Balances due to other banks ..	Fijian Government securities ..				202,100	0	0			
Bills payable and other liabilities (including provision for contingencies) ..	Municipal and other local bodies' securities ..				1,372,576	18	10			
Provision for taxes ..	Remittances in transit between branches ..				3,760,442	16	7			
London Office acceptances under credits ..	Bills discounted ..				53,765,865	4	9			
Transfers from long-term mortgage department ..	Other advances and securities and debts due to the Bank, after deducting provision for bad and doubtful debts ..				842,490	18	7			
Balance of profit and loss	Landed property, premises, &c. ..				30,728,494	12	11			
	Liabilities of customers for acceptances, <i>per contra</i> ..				919,641	19	3			
	Long-term mortgage department				74,419	16	7			
					703,125	0	0			
					£87,034,037	12	1			

BANK OF NEW ZEALAND—*continued*
 BALANCE-SHEET AT 31ST MARCH, 1947—*continued*
Long-term Mortgage Department

Long-term mortgage fund : capital	..	£	s.	d.		£	s.	d.
		703,125	0	0	Loans	624,237	14	4
					Transfers to bank	78,887	5	8
		£703,125	0	0		£703,125	0	0

This is the balance-sheet referred to in the certificate on attached Profit and Loss Statement marked "B."

	£	s.	d.		£	s.	d.
Dividend on C long-term mortgage shares	6,328	2	6				
Dividend on D long-term mortgage shares	15,820	6	3				
Dividend on preference B shares	25,000	0	0				
Dividend on ordinary shares	<u>150,000</u>	<u>0</u>	<u>0</u>				
Balance carried down				197,148	8	9	
				<u>360,119</u>	<u>17</u>	<u>7</u>	
	£	s.	d.	£	s.	d.	
Dividend paid December, 1946—				<u>£557,268</u>	<u>6</u>	<u>4</u>	
Dividend on preference A shares	45,000	0	0				
Interim dividend on C long-term mortgage shares	6,328	2	6				
Interim dividend on D long-term mortgage shares	15,820	6	3				
Interim dividend on preference B shares	18,750	0	0				
Interim dividend on ordinary shares	<u>112,500</u>	<u>0</u>	<u>0</u>				
Balance, being profit for the year	435,250	7	8	198,398	8	9	
To which has to be added amount brought forward from last year	<u>360,119</u>	<u>17</u>	<u>7</u>				
Less dividend paid, as above	795,370	5	3	596,971	16	6	
	<u>198,398</u>	<u>8</u>	<u>9</u>				

	£	s.	d.		£	s.	d.
Balance at 31st March, 1946							
Profits for year ended 31st March, 1947, including recoveries, and after payment of and provision for all interest due and accrued on deposits, provision for bad and doubtful debts, and for the annual donation to the Provident Fund are				2,100,630	3	5	
Less— Salaries and allowances at Head Office and 257 branches and agencies				762,777	2	3	
Directors' remuneration, including London Board and local directors in Australia				10,108	6	8	
General expenses, including rent, stationery, telegrams, postages, travelling, repairs to premises, depreciation, &c. .. .				218,035	6	2	
Audit Expenses Account				3,270	17	11	
Rates and taxes				<u>671,188</u>	<u>2</u>	<u>9</u>	
				1,665,379	15	9	
				<u>435,250</u>	<u>7</u>	<u>8</u>	
				<u>£795,370</u>	<u>5</u>	<u>3</u>	

BANK OF NEW ZEALAND—*continued*
BALANCE-SHEET AT 31ST MARCH, 1947—*continued*
Reserve Fund

	£	s.	d.	£	s.	d.
Balance	3,575,000	0	0	Balance per last statement	3,575,000	0 0
	£3,575,000	0	0		£3,575,000	0 0

NOTE.—London assets are shown in this balance-sheet in sterling, and no provision has been made for appreciation in their relation to New Zealand currency.

CERTIFICATES

We hereby certify that, having carefully examined the foregoing balance-sheet (marked "A") and statements, we are satisfied that they have been correctly compiled from the books and accounts of the Bank, and that the balance-sheet is a full and fair balance-sheet, properly drawn up, and exhibits a true and correct view of the state of the Bank's affairs at the date thereof.

Dated this 20th day of May, 1947.

I, David Firth Reid, the Chief Auditor of the Bank of New Zealand, do hereby certify—

(1) That, having carefully examined the foregoing balance-sheet (marked "A") and statements, I am satisfied that they have been correctly compiled from the books and accounts of the Bank.

(2) That I am also satisfied that the said balance-sheet is a full and fair balance-sheet, properly drawn up, and exhibits a true and correct view of the state of the Bank's affairs at the date thereof.

(3) That I have verified so much of the cash, investments, securities, and assets of the Bank as at the date of the said balance-sheet were held at the Head Office in Wellington and have had access to certified returns of so much thereof as were then held at the various branches and agencies of the Bank, or were then in transit.

Dated this 21st day of May, 1947.

P. L. PORTER, General Manager.
D. FAIRGRAY, Chief Accountant.

D. F. REID, Chief Auditor.

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