

In the easy money conditions which prevailed, the Board did not consider that any useful purpose would have been served by the expansion of Central Bank credit in the Dominion to any appreciable extent ; nor did there appear to be any need for contraction. The Reserve Bank, therefore, aimed at the maintenance of a state of equilibrium rather than the attainment of any other object by monetary means.

In all its actions the Board has been guided by its conception of the two primary functions of the Reserve Bank as a Central Bank.

In the first place, as banker to the State it has aimed at conducting the affairs of the bank in such a manner as to enable it to give as much assistance as is practicable to the Government of the day in putting its monetary and financial policy into operation ; and, secondly, as banker to the trading banks and custodian of their statutory cash reserves it has, within the limits of its powers, endeavoured to render to them all reasonable support in the conduct of their normal business and also to safeguard their cash reserves entrusted to its care.

In the exercise of these functions, and in tendering any advice to the Government on monetary and financial matters, it is the constant endeavour of the Board to act in a spirit of complete detachment from any sectional interests of any kind whatever and to regard all such questions entirely from the point of view of what is most likely to promote the welfare of the Dominion as a whole.

STAFF.

In conclusion, the Board wishes to avail itself of this opportunity of expressing its appreciation of the willing and efficient manner in which the staff as a whole has discharged its duties.

For and on behalf of the Board of Directors—

1st June, 1936.

L. LEFEAUX, Governor.
W. F. L. WARD, Deputy Governor.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 1936.

	£	s.	d.		£	s.	d.
To General charges, including salaries, rent, cost of note issue, and other expenses	76,210	11	10	By Balance of profit after making provision for rebate on Treasury bills not yet due, and for sundry liabilities and contingencies	183,222	19	0
Staff Superannuation and Provident Fund	9,000	0	0				
Balance, being profit for year	98,012	7	2				
	£183,222	19	0		£183,222	19	0

PROFIT AND LOSS APPROPRIATION ACCOUNT.

	£	s.	d.		£	s.	d.
To Payments to Government in terms of section 11 of the Finance Act, 1934	70,000	0	0	By Balance from Profit and Loss Account	98,012	7	2
Balance	28,012	7	2				
	£98,012	7	2		£98,012	7	2

BALANCE-SHEET, AS AT 31ST MARCH, 1936.

Liabilities.				Assets.			
	£	s.	d.		£	s.	d.
Paid up capital	500,000	0	0	Gold (at face value)	2,801,733	0	0
General Reserve Fund	1,000,000	0	0	Sterling exchange	24,876,604	12	0
Bank-notes	10,187,304	10	0	Subsidiary coin	201,126	9	8
Demand liabilities—				Investments	1,801,118	0	0
(a) State	8,794,967	11	7	Other assets	22,005	16	6
(b) Banks	9,049,392	16	1	N.B.—Holdings of sterling have been converted into New Zealand currency at the rate of £100 sterling equals £124 (N.Z.)			
(c) Other	79,919	9	6				
Other liabilities	62,991	3	10				
Profit and Loss Appropriation Account	28,012	7	2				
	£29,702,587	18	2		£29,702,587	18	2

L. LEFEAUX, Governor.
W. F. L. WARD, Deputy Governor.
W. R. EGGERS, Acting Chief Accountant.

Auditors' Certificate and Report.—We have audited the balance-sheet as at 31st March, 1936, 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, 1936, according to the best of our information and the explanations given to us and as shown by the books of the bank.

J. L. GRIFFIN }
D. G. JOHNSTON } Auditors.

Wellington, New Zealand, 8th May, 1936.

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