1944
NEW ZEALAND

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

ANNUAL REPORT

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 £476,473 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.