

1950
NEW ZEALAND

BANK OF NEW ZEALAND

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH,
1950, AND BALANCE-SHEET AT THE 31ST MARCH, 1950

*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, 1950, 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.
To which has to be added : Balance brought forward from last year ..	403,660	7	5
	432,930	0	10
			<hr/>
	836,590	8	3
From which has been paid :—	£	s.	d.
Dividend on preference A shares	46,250	0	0
Interim dividend on C long-term mortgage shares ..	6,503	18	1
Interim dividend on D long-term mortgage shares ..	16,259	15	3
Interim dividend on preference B shares	18,750	0	0
Interim dividend on ordinary shares	112,500	0	0
			<hr/>
	200,263	13	4
			<hr/>
Leaving available for distribution	£636,326	14	11
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This the Directors propose should be disposed of as follows :—

	£	s.	d.	£	s.	d.	£	s.	d.
Dividend on C long-term mortgage shares at 6 per cent. per annum	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				438,563	1	7			
							£636,326	14	11
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Such dividends to be paid in New Zealand currency.

The gross profit for the year, less provision for contingencies, &c., amounted to	£2,456,399	a decrease of £17,399
Expenses amounted to	£2,052,739	a decrease of £21,079
		<hr/>
Leaving net profit as above	£403,660	an increase of £3,680
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The gross profit for the year was lower than for the previous year on account of reductions in interest receipts due to the average level of overdrafts being lower and the repayment of Government securities and local-body debentures.

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

In view of the reduced interest receipts, the amount required for taxation was lower. Comparative figures for the past five years of gross profit, expenses, and net profit are as follows :—

—					Gross Profit.	Expenses.	Net Profit.
					£	£	£
1946	..	..	..	..	2,099,046	1,704,967	394,079
1947	..	..	..	..	2,100,630	1,665,380	435,250
1948	..	..	..	..	2,236,477	1,806,681	429,796
1949	..	..	..	..	2,473,798	2,073,818	399,980
1950	..	..	..	..	2,456,399	2,052,739	403,660

and for the same years the dissection of expenses and the total number of staff are :—

Year to—				Staff Salaries.	Rates and Taxes.	General.	Total.	Total Number of Staff.
				£	£	£	£	
31st March, 1946	..	..	..	665,231	849,690	190,046	1,704,967	1,743
31st March, 1947	..	..	..	762,777	671,188	231,415	1,665,380	1,862
31st March, 1948	..	..	..	833,918	678,358	294,405	1,806,681	2,018
31st March, 1949	..	..	..	895,335	858,665	319,818	2,073,818	2,099
31st March, 1950	..	..	..	971,229	710,082	371,428	2,052,739	2,140

The amount returned to the New Zealand Government by way of taxation and dividend in each of the last five years was :—

Twelve Months Ending—			New Zealand Taxes Actually Paid in Year.	Dividend Relative to Year.	Total.
			£	£	£
31st March, 1946	..	..	793,377	264,581	1,057,958
31st March, 1947	..	..	625,439	395,066	1,020,505
31st March, 1948	..	..	628,255	397,504	1,025,759
31st March, 1949	..	..	770,698	397,785	1,168,483
31st March, 1950	..	..	594,378	398,027	992,405

BALANCE-SHEET

Deposits ; Fixed and Free (£83,826,003).—These show an increase of £6,127,225 for the year, the main fluctuations being an increase of £6,531,412 in free deposits from the public, an increase of £449,537 in fixed deposits, and a reduction in Government balances of £896,385.

The following figures for the past five years show the fluctuations in our New Zealand deposits, advances, and investments, and the relationship of total advances and investments to deposits :—

—				Deposits.	Advances.	Investments.	Total Advances and Investments.
				£	£	£	£
(New Zealand business only)							
31st March, 1946	..	..	..	54,632,818	23,489,095	15,050,845	38,539,940
31st March, 1947	..	..	..	61,635,272	28,302,743	12,745,140	41,047,883
31st March, 1948	..	..	..	69,826,785	34,048,861	11,688,832	45,737,693
31st March, 1949	..	..	..	69,068,401	32,118,045	10,226,302	42,344,347
31st March, 1950	..	..	..	75,631,374	32,297,296	7,938,754	40,236,050

These figures, which, as mentioned above, relate to our New Zealand business only, show deposits to have increased by approximately £21,000,000 since 1946, while the total of advances and investments in the same period shows an increase of under £2,000,000. The effect of the restrictions which the banks are subjected to as regards advances and investments can be clearly seen, and this is referred to again later in this report.

Coin, Reserve Bank Notes, and Deposits with Bankers (£37,468,919) show an increase for the year of £7,166,134. Our balance with the Reserve Bank of New Zealand at £30,049,737 shows an increase of £7,172,279 and our holding of Reserve Bank notes at £5,157,109 is up £357,247.

The following figures show that our surplus funds with the Reserve Bank have, over the past five years, more than doubled:—

Balance at Reserve Bank

—	Balance.	Statutory Balance.	Surplus.
	£	£	£
31st March, 1946	15,274,493	3,473,619	11,800,874
31st March, 1947	17,861,055	3,863,955	13,997,100
31st March, 1948	17,577,822	4,288,748	13,289,074
31st March, 1949	22,877,458	4,396,881	18,480,577
31st March, 1950	30,049,737	4,922,236	25,127,501

The surplus funds lying in the Reserve Bank earn nothing for the Bank of New Zealand, and were it not for the control exercised over bank operations by the Government a certain amount of this money would be used for investment purposes and a certain amount in advances to our customers. It is, of course, obvious that under the current account system which operates in New Zealand these deposits involve the Bank in expense for servicing them, and unless a fair percentage can be let out at interest the business becomes uneconomic. The percentage of our deposits which are in effect lying idle in our hands has moved as follows in the last few years, and the net result is a tendency for our net earnings to decrease:—

Percentage of Surplus at Reserve Bank to Total New Zealand Deposits

1946	21·60	1949	26·75
1947	22·70	1950	33·22
1948	19·03		

Money at Call and Short Notice, Government Securities, and Other Securities, in London (£7,173,207).—This shows a decrease of £1,815,823, practically wholly in money at call. This is largely offset by an increase in bills receivable in London and in transit, which at 31st March, 1950, stood at £2,345,192, against £1,230,698 the previous year. Bills receivable represent in the main documentary bills purchased which relate to produce exports from New Zealand such as wool, &c. With the higher prices for wool the relative bills receivable have naturally increased in amount.

The moneys at call and short notice in London service the Bank's day-to-day operations. There are substantial commitments and liabilities against these funds and they are, of course, subject to rapid fluctuations.

The Bank's Reserve Fund of £3,575,000 included in the figures under this heading is invested in British Government Securities. The total of our investments in London has not changed to any material extent during the year, but the fall in the market value of gilt edged has been substantial. This reduction was already provided for in our books.

New Zealand Government Securities (£6,998,267).—These show a reduction of £2,192,809, accounted for by the redemption of stock which matured during the year.

The New Zealand Government's policy of not permitting the trading banks to invest in Government loans still applies, and the effect can be clearly seen in comparative figures previously quoted in this report. The reduction in these securities since the peak was reached in 1944 is £10,422,427.

Australian Government Securities (£609,894) show a decrease for the year of £164,597, which is accounted for by the sale of £200,000 Commonwealth stock and by repayments at maturity and variation of Australian funds in relation to New Zealand currency.

Fiji Government Securities (£158,251).—There has been no variation during the year.

Municipal and Other Local-body Securities (£1,070,695).—A decrease of £94,740, due mainly to repayments at maturity.

As mentioned in previous years, in accordance with Government policy, the trading banks are not at present investing in local-body loans.

<i>Other Advances and Securities and Debts Due to the Bank</i> (after deducting provision for bad and doubtful debts)		£	
..	..	..	36,425,718
Bills Discounted	..	..	1,122,169
			<u>£37,547,887</u>

These items show an increase on last year's figures of £949,784 and £251,857 respectively, a total increase of £1,201,641; but as previously mentioned in this report, there was a lower level of advances throughout the year. The increase in bills discounted is casual, due to a temporary increase in import bills.

Advances to customers in New Zealand at 31st March, 1950, show a very small increase of £104,924 compared with figures at the same date last year.

The percentage distribution of our advances in New Zealand amongst the various types of business is shown in the following table:—

	1946.	1947.	1948.	1949.	1950.
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Farmers	39·10	34·11	25·47	25·58	22·29
Industries allied to primary production	14·72	15·75	14·47	18·01	19·34
Other manufacturing and productive industries	10·31	10·15	13·04	16·12	15·55
Merchants, wholesalers	4·24	8·15	11·78	7·08	9·23
Retailers	5·19	6·28	8·68	7·53	7·80
Private individuals	10·04	9·05	8·35	8·30	8·92
All others	16·40	16·51	17·21	17·38	16·87

The downward trend in advances to farmers which has been noted in previous reports has continued over the last twelve months. Not only is this due to the higher prices obtained for produce, particularly wool, but also to the Reserve Bank policy of advance control, which has restricted the customary functions of the banks in financing purchasers into properties and providing accommodation for capital expenditure on farms. As a result, the business of our rural branches, established to provide an essential service to the farming community, is being adversely affected.

The continuation of a high level of imports, accompanied in some cases by increased prices, has necessitated a larger volume of advances to merchants and wholesalers. The imports are, in general, readily absorbed, and there does not appear to be undue overstocking.

					£
<i>Long-term Mortgage Department</i>	..	..	..	..	703,125
<i>Transfers to Long-term Mortgage Department</i>	..	..	..	..	167,084
					<hr/>
					870,209
					<hr/> <hr/>

This Department has increased its advances during the year by £75,382, and is now using £167,084 transferred from the ordinary banking funds in terms of the relative statutory provision. The increase is mainly accounted for by loans under local-body housing schemes arranged in recent years, as mentioned in previous reports.

CURRENT ACCOUNTS

The number of our customers continues to increase steadily, as shown by the following figures, in which the number at 31st March each year is reduced to an index figure based on the year 1946 :—

1946	..	..	..	100	|	1949	..	..	..	117
1947	..	..	..	107	|	1950	..	..	..	123
1948	..	..	..	113	|					

As this rate of growth is greater than that of the population, it indicates that the community is making greater use of the banking system and a greater proportion now keep bank accounts than formerly.

The servicing of this increasing business calls for more clerical labour and more office space of course, and with the limitation of our avenues for using money it is inevitable that the Bank does not receive an adequate return for the increased business in present circumstances. Apart from this aspect, which it is hoped is temporary, the growth of the Bank's connection is a source of satisfaction.

There have been no alterations in bank interest-rates or service charges to the public.

DEVALUATION OF STERLING

The devaluation of sterling in September last did not affect our position to any material extent, as New Zealand followed sterling, and in terms of the indemnity given by the Reserve Bank of New Zealand to the trading banks, whereby that Bank covers any loss or takes any profit on alteration in the basic rates of exchange on free funds held overseas by the banks, the profit on our holdings of United States of America and Canadian dollars was paid to the Reserve Bank of New Zealand.

In anticipation of the devaluation the requests to us for forward exchange cover were heavy, but we were able to cover all requests where there were commitments by our customers in conformity with exchange control requirements.

REHABILITATION BUSINESS

The Bank continued to assist District Rehabilitation Committees in the work of rehabilitation of returned servicemen.

Arrangements which were entered into with the State Advances Corporation whereby overdraft accommodation is granted to ex-servicemen where administration by the Bank is considered advantageous continue to work satisfactorily.

FLOOD AND HAIL DAMAGE RELIEF

Repayments of advances granted under Government guarantee to sufferers from flood damage have in most cases been satisfactorily maintained. In the remaining few cases, arrangements have been made for reductions to be postponed. Final clearance of the advances, however, is expected within a reasonable time.

In all these cases the Bank has co-operated fully with the Government's officers in the affected areas, and the arrangements have worked smoothly and satisfactorily.

PRODUCE DEPARTMENT

This Department continues to perform a useful service in assisting primary producers in the marketing of produce, whether for local sale or disposal overseas, and the services the Bank is able to offer are availed of and appreciated by wool-growers particularly.

Quantities of all types of produce forwarded to London and elsewhere for sale on a consignment basis during the year were, on the whole, below pre-war average. There has, however, been a steady increase in the amount of wool shipped to London through the Bank, and we have regained the position previously held there as one of the largest importers of wool for the London market. The large bulk of the wool-clip is sold in New Zealand at the local auctions, which are very well supported by buyers, but a certain number of growers like to use the London market, and the bank has catered for this for many years and our organization is well established and experienced.

Statistical figures are not readily available as to offerings and average realizations of New Zealand wools sold in London, but, in spite of the high prices ruling in New Zealand, the London market still carries a "spot premium."

The Bank's *Produce Circular*, containing information on the market situation of a wide range of commodities, has a wide circulation amongst primary producers, merchants, and the business community generally.

AUSTRALIA

Our Australian business has been very active and the demand for advances well maintained. Our branches at Sydney and Melbourne give very good service to our customers at these points and to our many customers from New Zealand and elsewhere who visit there.

During the year we purchased a property adjoining our present Sydney premises. This will in due course enable us to provide for any expansion needed.

FIJI AND SAMOA

At Suva and Apia our businesses continue to increase satisfactorily.

At both places prices for the principal exports continue at a very favourable level.

LONDON

Our business continues to be very active and to show a satisfactory increase. This increase necessitated the acquisition of additional space in the building we occupy at No. 1 Queen Victoria Street, and the internal alterations are now nearing completion. This has already been a great help in dealing with our business and has enabled us to give our many New Zealand visitors better facilities.

Our London Branch is very well equipped to deal with all business there for customers and visitors. We particularly welcome the opportunity to assist our New Zealand friends visiting England and the Continent, and we have now complete arrangements for facilitating their travelling.

BOARD OF DIRECTORS

We very much regret to record the death of Mr. John Dowgray, who was first appointed a Director on 5th April, 1937, and continued so until his death on 28th January, 1950.

There has been no change in our local Directors in Sydney and Melbourne, but Mr. C. J. Holland-Martin was appointed to the London Board as from 1st April, 1950, to take the place of the late Mr. Robert Mill.

The Board desires to again place on record its appreciation of the services of our overseas Directors.

PREMISES

Owing to building control it is still not possible for us to undertake the erection of new business premises and we have perforce had to abandon several new building projects despite the need for them, and we have therefore done what we could to provide the necessary increased office space where possible by internal alterations and additions. In order to relieve pressure in nearby branches it has been necessary in some cases to open up additional branches and to acquire and remodel existing buildings. These methods of providing office accommodation are not always the most economical, but until the building position has eased there is no alternative.

Steady progress is being made in overtaking arrears of maintenance work which accumulated during the war years, and most of our branches are now in reasonably good condition, subject to the necessity for complete rebuilding in some cases.

BRANCHES AND AGENCIES

During the year new branches were established in place of the existing agencies at—

Birkenhead, Auckland.
 Dominion Road, Auckland.
 Tirau.
 Kilbirnie, Wellington.

The following agencies were opened :—

Adelaide Road, Wellington (Vivian Street Branch) ;
 Broadwood (Kohukohu) ;
 Coroglen (Thames) ;
 Devon Street East (New Plymouth) ;
 Johnsonville (Wellington) ;
 Kaiwaka (Wellsford) ;
 Massey Agricultural College (Palmerston North) ;
 Mount Roskill (Symonds Street, Auckland) ;
 Northcote (Birkenhead) ;
 Orewa (Auckland) ;
 Paekakariki (Wellington) ;
 St. Heliers (Auckland) ;
 Swanson (Henderson) ;
 Tawa Flat, (Wellington) ;
 Wataroa (Hokitika) ;
 Whitianga (Thames) ;

and the following agencies were reopened :—

Ellerslie (Newmarket) ;
 Rahotu (Opunake) ;

We now operate 147 branches and 138 agencies in New Zealand, and branches at London, Sydney, Melbourne, Suva, and Apia.

The following figures show the number of New Zealand branches and agencies open at 31st March in each of the last five years :—

	Branches.	Agencies.	Total.
31st March, 1946	135	79	214
31st March, 1947	136	116	252
31st March, 1948	140	118	258
31st March, 1949	143	124	267
31st March, 1950	147	138	285

The maintenance of our overseas banking connections receives constant attention, and we have world-wide agency relations with other banks which enable us to handle business in all countries. Our relations with our foreign correspondents are cordial and we have exchanged visits with many of them, particularly in England, Australia, Canada, and the United States of America.

TOURIST BUSINESS

The agencies maintained by the Bank at the airports and wharves at principal arrival ports have proved of real value to travellers arriving in New Zealand. This service is arranged so as to fit in with the arrival times of the various aircraft and vessels. We regard the development of tourist business in New Zealand as very important to the economy of the Dominion, and there is no doubt that it is very desirable that the traveller should be able to conveniently arrange his cash needs immediately on arrival.

Our offices are well equipped to provide for the travel needs of our customers, especially those proceeding abroad, and are rendering useful service in this connection. At Auckland, Wellington, London, and Sydney particular attention is devoted to this branch of our activities.

STAFF

During the past year the staff has shown a net increase of 41 compared with the previous year, bringing the total number to 2,140 in all. The steady increase in the Bank's business requires greater numbers of staff each year, and with the present shortage of labour there is some difficulty in filling our needs, but on the whole we have been able to obtain sufficient new entrants to keep our offices reasonably well staffed. The calls on the staff for compulsory military training will, of course, accentuate our difficulties, but we have no doubt we will be able to cope with them.

The increasing number of staff has in a number of branches fully taxed available working space and made conditions less convenient and comfortable than we care for. Every effort is being made to rectify the position, consonant with building permits being made available to enable the necessary structural alterations to the various premises to be carried out. The welfare and comfort of the staff continue to receive constant attention.

Mechanical book-keeping aids are being used increasingly, and we would proceed more rapidly with this but for the difficulty of importing the necessary machines.

The staff maintains its high reputation for rendering loyal and efficient service both to the Bank's customers and the public generally, and our Managers and other officers are energetic in promoting the growth of the business. The Board wishes to place on record once again its high appreciation of the services of the whole staff.

CONCLUSION

The accompanying Balance-sheet again shows the Bank to be in a very strong and liquid position. The assets have been conservatively valued and full provision for possible bad debts has been made.

The total assets now exceed £100,000,000, which indicates the growth of our business. This is an increase of over £28,000,000 in the last five years.

The Bank is well equipped to meet its customers' requirements and give a complete banking service in all respects.

For and on behalf of the Board of Directors,

A. T. DONNELLY, Chairman.

Head Office, Bank of New Zealand, Wellington,
18th May, 1950.

" 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
	<u>£7,031,250</u>	<u>0</u>	<u>0</u>

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
	<u>£6,328,125</u>	<u>0</u>	<u>0</u>

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
	<u>6,328,125</u>	<u>0</u>	<u>0</u>
		£	s. d.
Reserve Fund	3,575,000	0	0
Undivided profits	438,563	1	7
	<u>4,013,563</u>	<u>1</u>	<u>7</u>
	<u>£10,341,688</u>	<u>1</u>	<u>7</u>

"A"—*continued*

BANK OF NEW ZEALAND

BALANCE-SHEET AT 31st MARCH, 1950

	£	s.	d.	£	s.	d.	£	s.	d.
<i>Liabilities</i>									
<i>Capital—</i>									
Preference A fully-paid £1 shares	500,000	0	0						
C long-term mortgage fully-paid £1 shares	284,375	0	0						
D long-term mortgage fully-paid £1 shares	408,750	0	0						
Preference B fully-paid £1 shares	1,375,000	0	0						
Ordinary fully-paid £1 shares ..	3,750,000	0	0	6,328,125	0	0			
<i>Reserve Fund (invested in British Government securities)</i>				3,575,000	0	0			
Deposits				83,826,003	6	4			
Balances due to other banks				49,567	6	2			
Bills payable and other liabilities (including provision for contin- gencies)				7,498,386	14	0			
Provision for taxes				520,000	0	0			
London Office acceptances under credits				157,014	10	1			
Balance of profit and loss				636,326	14	11			
<i>Assets</i>									
Coin, Reserve Bank notes, and deposits with bankers							37,468,919	6	2
Government notes: Commonwealth, Fijian, and Samoan Administration							281,889	16	9
Balances due by other banks							1,319,060	13	6
Money at call and short notice, Government securities, and other securities in London							7,172,206	10	3
Bills receivable in London and in transit							2,345,192	2	10
New Zealand Government securities							6,968,267	9	11
Australian Government securities							609,803	12	8
Fijian Government securities							158,250	13	6
Municipal and other local bodies' securities							1,070,694	15	3
Remittances in transit between branches							5,362,425	19	8
Bills discounted									
Other advances and securities and debts due to the Bank, after deducting provision for bad and doubtful debts									36,425,717
Landed property, premises, &c. ..									1,212,512
Liabilities of customers for accep- tances, <i>per contra</i>									157,014
Long-term Mortgage Department									870,209
									<u>£102,585,433</u>
									<u>11 6</u>
									<u>62,797,811 0 6</u>
									<u>1,122,169 0 3</u>
									<u>36,425,717 15 2</u>
									<u>1,212,512 3 2</u>
									<u>157,014 10 1</u>
									<u>870,209 2 4</u>
									<u>£102,585,433</u>
									<u>11 6</u>

All assets and liabilities are expressed in New Zealand currency.

LONG-TERM MORTGAGE DEPARTMENT

	£	s.	d.	£	s.	d.
Long-term Mortgage Fund—	..	..	..	..	..	..
Capital	..	703,125	0 0	..	..	..
Transfers from Bank	..	167,084	2 4	..	..	..
	£870,209	2 4		£870,209	2 4	

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

PROFIT AND LOSS

	£	s.	d.	£	s.	d.
Dividend on C long-term mortgage shares	6,503	18	1	..	..	..
Dividend on D long-term mortgage shares	16,259	15	3	..	..	..
Dividend on preference B shares	21,875	0	0	..	..	..
Dividend on ordinary shares	131,250	0	0	..	..	..
Balance carried down	175,888	13	4	..	..	..
	432,930	0	10	..	..	..
	£608,818	14	2	..	..	..
Dividend paid December, 1949—	£	s.	d.	£	s.	d.
Dividend on preference A shares	46,250	0	0	..	..	..
Interim dividend on C long-term mortgage shares	6,503	18	1	..	..	..
Interim dividend on D long-term mortgage shares	16,259	15	3	..	..	..
Interim dividend on preference B shares	18,750	0	0	..	..	..
Interim dividend on ordinary shares	112,500	0	0	..	..	..
Balance, being profit for the year	403,660	7	5	..	..	..
To which has to be added amount brought forward from last year	432,930	0	10	..	..	..
	836,590	8	3	..	..	..
	200,263	13	4	..	..	..
Less dividend paid, as above	200,263	13	4	..	..	..
	636,326	14	11	..	..	..
Balance at 31st March 1949	..	..	..	..	..	..
Balance brought down	..	..	..	..	..	..
Profits for year ended 31st March, 1950, including recoveries, and after payment of and provision for all interest due and accrued on deposits, provision for bad and doubtful debts and other contingencies and for the annual donation to the Provident Fund are	..	..	..	..	..	..
Less—	..	..	..	..	..	..
Salaries and Allowances at Head Office and 290 branches and agencies	971,229	7	5	..	..	..
Directors' remuneration, including London Board and local Directors in Australia	9,495	4	4	..	..	..
General expenses, including rent, stationery, telegrams, postages, travelling, repairs to premises, depreciation, &c.	358,495	17	11	..	..	..
Audit Expenses	3,436	11	4	..	..	..
Account	710,081	14	9	..	..	..
Rates and taxes	2,052,738	15	9	..	..	..
	403,660	7	5	..	..	..
	£836,590	8	3	..	..	..

RESERVE FUND

Balance	£	s.	d.
.. .. .	3,575,000	0	0
Balance per last statement	.. .. .	3,575,000	0
	<u>£3,575,000</u>	<u>0</u>	<u>0</u>

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 15th day of May, 1950.

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

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 16th day of May, 1950.

D. F. REID, Chief Auditor.

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