

*Balance-sheet.*—The total investments included in the assets side of the balance-sheet represent a sum slightly in excess of £59,000,000, being an increase of approximately £180,000 as compared with the previous year's total. It must not be inferred from this that there has been no change in the investments during the year, and an analysis of the transactions discloses that during the period the amounts paid out on new advances aggregated the sum of £1,825,791, and this was substantially offset by principal repayments. A consideration of these figures emphasizes the advantage gained from lending on the amortization system requiring definite annual reductions in the loans which on the one hand provides the lender with further funds for investment and on the other hand progressively increases the borrower's equity in his property. The amount owing on Current Account has been reduced by approximately £200,000 during the year, and this is accounted for partly by the system recently adopted by the Board of amalgamating wherever possible the accounts of former mortgagors whose land security has shown a sufficient margin to enable this to be done. In those cases where the Current Accounts are still operating the Corporation makes seasonal advances to its borrowers who require assistance in anticipation of revenue from their properties. As each borrower becomes fully established he is encouraged to progressively reduce his Current Account, and satisfactory progress has been made in this direction during the last few years. The total investment in Government and local-body debentures, which now stands at £6,435,734, shows an increase of approximately £220,000 during the year.

Reference is made in another part of this report to the amount owing to the Consolidated Fund as a contingent liability to the Crown, being the balance in respect of assets taken over by the Corporation. It may be anticipated that during the next few years as the revaluation of these securities proceeds, further interest-bearing stock will be issued in part settlement of this account, and the consequential payment of interest will cause a reduction in the profit shown by the Corporation. Another factor which will have a similar effect on the Revenue Accounts is the proposal to transfer for administration under the Housing Act a considerable number of residential securities which in past years have been abandoned by mortgagors. The book value of these assets is in excess of £3,000,000.

#### STAFF.

We desire to acknowledge the loyal service rendered by all members of the staff throughout the past year. The abnormal conditions arising out of the war have made it necessary to call upon many officers to undertake additional duties and the response that has been shown is greatly appreciated. One hundred and ninety-eight members of the staff have enlisted for service in the military forces, and it has been the Board's policy to facilitate the release of these men as soon as this can conveniently be arranged. Their positions will be kept open for them on their return to civil life and their interests in the staff organization fully protected during their absence. We congratulate them on their decision to serve their country, and wish them an early and safe return.

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| A. D. PARK, Chairman of Directors.             |              |
| T. N. SMALLWOOD, Deputy Chairman of Directors. |              |
| G. A. LEWIN.                                   | } Directors. |
| B. C. ASHWIN                                   |              |
| D. BARNES                                      |              |

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