

Difficulty in obtaining labour and materials, together with the unsettled conditions, has caused a considerable reduction in the amount of business transacted under the Rural Housing Act. At the 31st March, 1942, the balance outstanding on loans granted to Local Bodies under the Act was £160,815.

Balance-sheet and Revenue Accounts.—The revenue accounts are presented in the usual form, tabulated to show the results of the various sections of the Government's housing programme. Each subdivision of the account is charged with the appropriate portion of interest and management, and, where necessary, reserves are provided to meet accruing expenditure—*e.g.*, maintenance and rates. Provision is also made for depreciation, insurance, and loss of rents which must be averaged over the estimated utility life of the assets. During the past year it became necessary to make special provision for war damage insurance.

It will be observed that there is a net profit of £9,796 on the combined statement. This, compared with the previous year's loss of £675, shows a satisfactory improvement. The net profit on new rented properties was £19,099, which is offset to the extent of £15,711 by the deficiency on old rented houses. A larger volume of business and a lower average rate of interest on borrowed capital are the principal reasons for the better result.

In the Balance-sheet there is one item on the assets side which calls for special comment—*i.e.*, the "Rented Properties (New)," now standing at £17,719,316. This shows an increase of £4,120,937 as compared with the appropriate figure in the 1941 Balance-sheet. The following items are in the nature of suspense accounts pending the allocation of the costs to the Rented Properties (New) Account as and when the completed dwellings are taken over :—

	£
Dwellings in course of construction	1,127,295
Freehold land	976,201
Construction Branch—Preliminary expenses	47,955

The following statistical information is furnished in accordance with section 35 of the Housing Act, 1919 :—

(1) Amount expended for the year ended 31st March, 1942, on—	£
(a) Erection of dwellings, including administration and supervision ..	3,461,910
(b) Acquisition of land and preparation of same for dwellings ..	562,201
(2) (a) Payments received during the year	1,093,918
(b) Amount of arrears outstanding at the end of the year	23,393

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