

On the assets side of the balance-sheet it is apparent that the amount invested on mortgage securities as at the close of the period has dropped by approximately £2,000,000 since the previous balance date. This is the result of the Corporation's restricted lending policy, the new loans granted being less than the amount of repayments made by existing mortgagors. In addition to the fact that the bulk of the mortgage loans are on a table repayment basis, there has been an acceleration in repayment in quite a large number of cases. The surplus receipts arising from this adjustment are in the meantime invested in Government securities so that funds may be readily available for rehabilitation purposes as required.

There is a reduction of approximately £70,000 in the amount owing on current account, this being mainly due to the favourable position of our farmer borrowers, who are gradually reducing their stock loans.

Local-body investments show a reduction of approximately £300,000, which is accounted for by the normal repayment under the amortization system on which the bulk of the loans are arranged, but the total invested under the heading of "Government and local-body securities" shows a net increase of approximately £2,500,000, the additional amount representing the investment of surplus funds in Government securities pending the time that they will be required for rehabilitation advances.

13. *Revenue Accounts*.—The adjustments in the Corporation's assets and liabilities which are referred to in the previous paragraph have the effect of varying to some considerable degree both the receipts and expenditure items in the Revenue Account. The reduction in mortgage investments and the increase in Government securities proportionately affects interest receipts in these two accounts, and as the rate of interest received on the present investments is lower than that previously earned by these funds, there is a net reduction in revenue of approximately £65,000.

On the payments side the issue of an additional £2,000,000 stock has increased the amount of interest payable by the Corporation by approximately £60,000, and the net result of all the adjustments is a reduction in gross profit of approximately £130,000. Savings in management expenses, however, improves the position, and the net profit at £214,177 is approximately £70,000 below the previous year's figure. Taxation has been provided for at ruling rates.

14. *Board*.—During the year Mr. R. G. Macmorran, Under-Secretary for Lands, was appointed as an additional member of the Board, and the reappointments of existing members have been approved as under:—

Messrs. A. D. Park and T. N. Smallwood: Reappointed as Joint Managing Directors for seven years from 1st July, 1942.

Mr. D. Barnes: Reappointed for two years from 1st January, 1943.

15. *Staff*.—The requirements of the military Forces have further reduced the male staff, but we are pleased to acknowledge that, notwithstanding the additional duties thus thrown upon the remaining officers, essential services are being satisfactorily maintained, and the Board is appreciative of the loyal co-operation and service rendered by administrative officers and permanent and temporary staff.

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