purposes, and Government securities show a net increase of approximately £1,800,000. There is a reciprocating decrease in the mortgage investments of the same amount, representing an excess of repayments over new advances.

10. *Revenue Accounts.*—The result of the year's operations as disclosed by the revenue accounts shows a reduction in both the gross profit and the net profit for the year, but this can be attributed to the change in investments indicated in the previous paragraph—that is, the repayment of mortgage investments bearing interest at a rate of 4½ per cent. or higher, and the investment of the capital funds on temporary investment in Government stock showing a return of 3 per cent. The net profit of £147,771 is approximately £66,406 less than that for the year ended 31st March, 1943. The usual allocation has been made to the reserve for losses on new business, which brings this reserve up to a total of £280,000, and in this year's accounts an additional reserve has been set aside in respect of ex-State investments to cover the estimated depreciation that is accruing on the improvements included in securities which have been abandoned and which are being administered by the Corporation as mortgagee in possession. A considerable number of these residential securities have been under administration for a number of years, and it is anticipated that in due course they will be realized or transferred as rental properties to the Housing Account. In the meantime the title is still in the name of the original mortgagor, and it is apparent that the investment account in respect of many of the properties exceeds the present-day value of the security, and the rental that is received is insufficient to meet the whole of the outgoings, including the depreciation.

War damage insurance at £46,153 is a large item of expenditure which will show a considerable reduction in future years, following the Government's decision to reduce the premium from 5s. per cent. to 1s. per cent.

The usual provision has been made for the payment of taxation at existing rates, and involves approximately £127,000.

The net balance in Appropriation Account amounting to £20,771 is available for payment to Treasury.

11. *Staff.*—A large portion of the Corporation's male staff, both clerical and field officers, is still in the Armed Forces or engaged on other war work, but, despite many difficulties, we feel that satisfactory service has been given to Office clients. We desire to express our appreciation to administrative officers and the whole of the personnel at Head Office and the branches for their willing and loyal assistance.

A. D. Park, Chairman of Directors.
T. N. Smallwood, Deputy Chairman of Directors.
B. C. Ashwin } Directors.
D. Barnes } Directors.
R. G. Macmorran } Directors.

Revenue Accounts for Year ended 31st March, 1944

Interest Account

Dr.	£	*Cr.*	£
Interest on stock and debentures	1,620,063	Interest on mortgages and current accounts ..	1,847,241
Interest on General Reserve Fund investments—		Interest concessions on rehabilitation advances: Paid from War Expenses Account	5,406
Payable on State's contribution	106,000	Interest on Government and local-body securities and on temporary investments	347,002
Credited to General Reserve Fund	39,812		
Gross profit, transferred to Profit and Loss Account ..	433,774		
	£2,199,649		£2,199,649

Profit and Loss Account

Dr.	£	*Cr.*	£	£
Management expenses	173,850	Gross profit, transferred from Interest Account ..		433,774
Administration of rehabilitation advances from War Expenses Account (businesses, tools of trade, and furniture)	13,618	Rentals: Properties acquired	1,647	
War damage insurance	46,153	Less miscellaneous expenses thereon ..	559	
Reserve for losses—				1,088
New business	33,470			
Ex-State	20,000			
Net profit, transferred to Appropriation Account ..	147,771			
	£434,862			£434,862

Profit and Loss Appropriation Account

	£		£
Reserve for taxes	127,000	Net profit, transferred from Profit and Loss Account ..	147,771
Balance, profits payable to Treasury ..	20,771		
	£147,771		£147,771