

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 10d. or part thereof ..	703	2	6						
				6,328	2	6			
Dividend on D long-term mortgage shares at 7½ per cent. per annum ..	17,578	2	6						
*Reduced by 1d. for every 10d. or part thereof ..	1,757	16	3						
				15,820	6	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 ..				360,119	17	7			
							£557,268	6	4

Such dividends to be paid in New Zealand currency.

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

The gross profit for the year amounted to ..	£2,099,046	an increase of £122,565
Expenses amounted to ..	£1,704,967	an increase of £107,373
Leaving net profit as above ..	£394,079	an increase of £15,192

The main items making up the increase in expenses are—

Salaries and allowances : Up ..	£90,500
General expenses : Up ..	£10,340
Rates and taxes : Up ..	£6,187

As has been the case of late years, profits have benefited by the release of reserves for bad and doubtful debts not now required, and this year a large portion of the increase in gross profit is accounted for in that manner. A reduction in investment interest has been made up by an increase in overdraft interest received.

BALANCE-SHEET

Deposits : Fixed and Free.—These at £62,141,569 show a further increase this year of £4,394,499, which is reflected in corresponding increases in our assets under the next two headings. The subjoined graph is of interest as showing the expansion that has taken place in our deposits during the war years. (The graph also shows the movements in advances and investments.) The increase in deposits is accounted for by the heavy excess of exports over imports for the past year, and the consequent accumulation of overseas funds in the hands of the Reserve Bank. Importing is still restricted, partly owing to inability of exporting countries to supply goods under order, but also to continuation of New Zealand's import control policy. With the coming into operation of the various international schemes for freeing world trade, the position may be expected to improve and a better balance achieved.

Coin, Reserve Bank Notes, and Deposits with Bankers.—£20,262,116, as against £17,100,465 last year, an increase of £3,161,651, which is the corollary of the increase in deposits. The main increase is in our deposit with the Reserve Bank, which at 31st March stood at £15,274,493. The Reserve Bank pays no interest on trading-bank deposits with it. These funds are, of course, immediately available, and the large surplus of £11,800,874 over and above our statutory deposit (£3,473,619) makes our position very liquid. The fact that we are unable to make profitable use of so much idle money is unfortunate.