

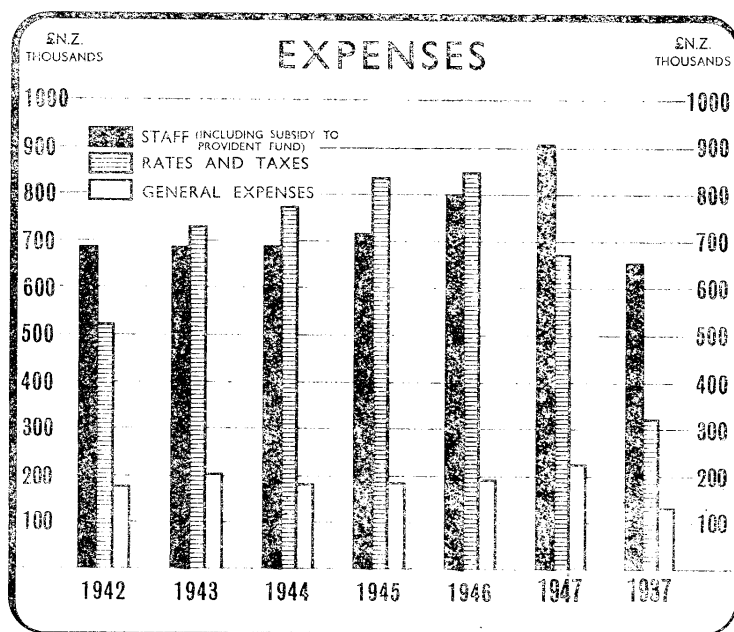
The gross profit for the year amounted to	£2,100,630, an increase of £1,584
Expenses amounted to	£1,665,380, a decrease of £39,587
Leaving net profit as above	£435,250, an increase of £41,171

The main fluctuations in expenses are :—

Salaries and allowances: Up	£97,546
General expenses: Up	£38,442
Rates and taxes: Down	£178,502

The reduction in rates and taxes this year is mainly caused by the reduction in New Zealand of the $33\frac{1}{3}$ per cent. additional tax to 15 per cent. and the net reduction of sixpence in the pound for social security and national security taxes.

The graph following shows the movement in expenses during the past six years and also for a pre-war year (1937) for comparison. The influence of the war on the expense of running a business is clearly indicated.



The interest earnings of the business increased during the year owing to the higher average of advances, less the reduction in investment income due to repayment of Government loans. There was also an increase in the revenue from exchange owing to the greater volume of transactions resulting from the return to a peace economy. It was considered prudent to strengthen somewhat the internal reserves, having regard to the uncertainties of the post-war period. As mentioned in previous reports, there has been for some years a steady recovery of amounts previously set aside as reserves against bad and doubtful debts, but this is a diminishing item, and, the period of decreasing overdrafts having now come to an end, the Profit and Loss Account is not likely to benefit from recoveries to the same extent.