controlled by the Custodian of Enemy Property is held in trust for all persons having any interest in such property. The money is invested in accordance with the directions of the Minister of Finance. Provision for the disposal of the moneys held (other than for Germans, Austrians, and Japanese) is being made in pursuance of the peace treaties and by the negotiation of inter-governmental agreements.

INVESTMENTS FROM THE COMMON FUND

There has been no easing of the strong competition for investments over the past twelve months, and the large amount of money still available in the hands of lending institutions and private investors has made it most difficult to effect an increase in the flow of investments on first mortgage to the extent necessary to secure to beneficiaries an adequate return on their moneys in the Common Fund.

Having regard, however, to the position of the investment market, the Office continues to receive a fair share of the securities offering, and the amount invested on mortgage shows an increase over the figures for the preceding year. This is evidence that the office retains the confidence of mortgagors and that its terms are at least as favourable as can be obtained from other lending institutions.

Repayments during the year were again very substantial. The fact that mortgagors appreciate the opportunity of reducing their indebtedness whenever they have funds available has been reflected in increased requests for the inclusion of rights of interim repayment in mortgages being renewed and in mortgages securing new loans. These requests have been met, as far as possible.

Although a number of loans which were previously running on overdue have been renewed, there is still, notwithstanding the repeal of the Mortgages Extension Emergency Regulations, a large number of mortgagors who have not thought it necessary to stabilize their finances by obtaining renewals. No doubt this is due, in many cases, to the present buoyant conditions and to the knowledge that well-secured loans can be refinanced without difficulty should the necessity arise.

FINANCE

Investment of Funds.—The new investments completed during the year, excluding short-term deposits, totalled £2,827,416, compared with £2,260,826 for the year ended 31st March, 1947, an increase of £566,590. In last year's report reference was made to the increased activity in local bodies' loans work and to the expectation that additional loan-money would be required in the near future when building and development work was undertaken in increasing volume by local authorities. That expectation has been realized, as is evidenced by the fact that during the year under review almost £250,000 has been advanced to local authorities.

The total investments completed by the Office and still held at 31st March, 1948, inclusive of those held on behalf of certain estates and funds whose moneys are required to be specially invested, totalled £34,877,040, which represents a decline of £7,041,657 when compared with the total investments held at 31st March, 1947. The decline is more than accounted for by the withdrawal, pursuant to the provisions of the New Zealand Loans Amendment Act, 1947, of Government securities totalling £8,038,000 held by the Public Trustee on behalf of the Public Debt Redemption Fund and applied in reduction of the Public Debt.

Annual Accounts.—It was indicated in last year's report that the time had arrived when, owing to increased working-expenses, an adjustment to the scale of Office charges could no longer be avoided. On the 24th September, 1947, amending regulations were made, the main effect of which was to increase the respective rates of commission on realization and transfer of estate assets, while certain adjustments were also made in the rates for the collection of income. The new rates came into force on the 1st October, 1947—*i.e.*, they applied for half of the year—and they account for the increase shown