

THE BALANCE-SHEET.

On the 31st December, 1901, the total assets of the Department amounted to £3,363,126, and were invested as shown in the following comparative statement :—

At 31st December, 1900.			At 31st December, 1901.		
Amount.	Percentage of Total Assets.	Class of Investment.	Amount.	Percentage of Total Assets.	
£ 1,488,759	46·3 per cent.	Mortgages on freehold property ...	£ 1,614,479	48·0 per cent.	
727,899	22·6 "	Government securities ...	728,911	21·7 "	
579,494	18·0 "	Loans on policies ...	602,189	17·9 "	
135,263	4·2 "	Local bodies' debentures ...	132,227	3·9 "	
122,687	3·8 "	Landed and house property ...	123,563	3·7 "	
91,522	2·9 "	Miscellaneous assets ...	95,097	2·8 "	
64,916	2·0 "	Cash on current account ...	61,508	1·8 "	
5,589	0·2 "	Properties acquired by foreclosure ...	5,152	0·2 "	
£3,216,129	100·0 per cent.	Total ...	£3,363,126	100·0 "	

The chief points of interest brought out by the above summary of the balance-sheet are—(1) An increase of £125,720 in the amount lent on freehold mortgage, and (2) an increase of £22,695 in loans on policies. Attention might also be drawn to the extreme smallness of the item "Overdue interest," which last year stood at only £653, and has now fallen to £472, or about 0·3 per cent. of the income from interest, which amounted to £142,449. This affords a convincing testimony to the character of the Department's investments, and the care with which they are watched.

GENERAL REMARKS.

It is not necessary to remark on the Accident Branch, which was inaugurated during the year, as an independent report will be presented to Parliament in connection therewith, further than to say that the life and accident funds of the Department have been kept entirely distinct, as demanded by the Act, and to point out that the reduction in the ratio of expenses in the Life Branch is a conclusive answer to the statements which have been circulated that the interests of the life-policy holders would be sacrificed to the needs of the new branch.

As was stated in my previous report, the tontine which expired at the end of 1900 was valued and the resulting fund distributed in accordance with the regulations early in the year now under review. Later in the year the tontine-policy holders exercised their right to select one of several options offered to them at the initiation of the tontine, with the result that a considerable number selected the option which enabled them to terminate their policies and draw the full value available. These discontinuances, which were, of course, a necessary consequence of the maturity of the tontine, had the effect of swelling to some extent the business going off the books. Apart from this cause, however, the voids show a marked decrease on the previous year.

Finally, it may be stated that the course of business has been distinctly favourable throughout the year, as instanced by the following features, to which attention is specially drawn : (1.) Increase in new premium income. (2.) Increase in total premium income. (3.) Increase in accumulated funds. (4.) Decrease in ordinary surrenders. (5.) Decrease in total expenses. (6.) Decrease in ratios of expenses to premium income and to total income. (7.) Decrease in overdue interest, already abnormally low. (8.) And, lastly, it may be said that an official valuation of all the policies as they stood at the end of last year discloses exceptionally large profits for the two years of the current triennium which have already elapsed, and renders it practically certain that the bonus to be divided early next year will be considerably higher than at the last triennial valuation.

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