

RESERVE FUND IN LONDON.

The Reserve Fund in London now stands at £2,000,000, having been increased during the year by the transfer of £1,200,000 from the accumulated surpluses.

The annual income from the Reserve Fund, which is invested as under, amounts to £90,845, and owing to the present high rate of exchange is of great assistance towards meeting interest and other charges payable in the United Kingdom.

RESERVE FUND SECURITIES HELD IN LONDON.

Name of Stock.	Nominal Value.
	£
3-per-cent. Transvaal stock	230,000
3-per-cent. Egyptian guaranteed bonds	59,000
3½-per-cent. India stock	153,010
3-per-cent. India stock	357,766
2½-per-cent. India stock	65,340
5-per-cent. British war-loan stock	20,000
5-per-cent. British war-loan stock	1,263,158
Totals	2,148,274

DEPARTMENTAL ACCOUNTS.

The public accounts are compiled on a cash basis, and relate generally to actual payments and receipts within the year, and do not show the profit or loss to the State on each service.

Great diversity of practice exists in Departments, and a greater measure of uniformity is necessary. This involves a complete change in the system of compiling the annual departmental statements of accounts. I have been giving this matter considerable attention since I assumed control of the Department of Finance, with the result that several Departments have this year submitted their accounts in commercial form, whilst others are co-operating with the Treasury in making such arrangements as will enable this necessary reform to be instituted during the current year. Balance-sheets in commercial form relating to Departments will be laid on the table in due course.

STATE SERVICES.

Certain State services have hitherto been conducted at an annual loss, which has to be met by the general taxpayers instead of by the users. These services should be self-supporting and should be conducted upon a proper business basis.

With this object expenditure has been reduced in several cases, whilst in others a rearrangement of certain fees and charges is being made which will largely reduce the charges at present borne by the Consolidated Fund.

BANKING.

The legislation passed in the 1920 session in connection with the Bank of New Zealand has had the effect of producing increased revenue to the Crown in the distribution of profits earned by the bank during the financial year ended 31st March, 1921.

The shares originally held by the Crown were 75,000 "A" preference shares (£6 13s. 4d. called up), £500,000; 37,500 "B" preference shares (£6 13s. 4d. called up), £250,000, but for which the Crown paid a premium of £3 6s. 8d. per share, the capital invested being £375,000, or £10 per share on the "B" shares. In the recent reconstruction of the capital of the bank all shares were cancelled, in lieu of which shares of £1 each were issued. The present holding of the Crown is