FINANCE.

4. An examination of the accounts for the year ended 31st March, 1921, shows that several causes of an exceptional nature have operated to reduce the amount of profit earned. The rate of interest allowed on amounts held in the Common Fund on behalf of beneficiaries and estates has been increased, the additional sum requiring to be provided under this heading being £40,000. In previous years since 1916 a bonus of one-tenth of the interest credited was allowed to each estate and beneficiary out of the profits of the year's working, but this amount was not appropriated until the profits had been definitely ascertained and fixed. Thus, for the present year, the real profits on the year's working are artificially reduced as compared with previous years by the sum of approximately £40,000.

5. Certain items of expenditure of an exceptional character have also been incurred. The members of the staff, in common with other officers of the Civil Service, received substantial increases to their salaries to compensate for the increased cost of living. The additional expenditure under this heading, which amounted to £30,000, was met by the Department out of the ordinary revenue, without any general increase in the charges made for the administration of estates. These causes have served to reduce the profits to the sum of £10,691 ; but it will be seen that apart from them the profit would have reached a total in excess of £80,000, which is a higher amount than that earned in any year since the Office was established.

Although in the difficult circumstances now existing it is impossible to forecast with any certainty what the result of next year's working will be, it may reasonably be anticipated that an improvement in the financial position will be manifested.

6. The increase in the rates of interest charged to borrowers from the Office, together with the correction of certain anomalies in the Office scale of charges, will have the effect of materially increasing the revenue during the coming year.

The additional burden in the salary bill of the Office, and the increase in the amount required for interest allowed to estates and beneficiaries, will be more easily borne than in the year now under review.

7. The cash balances held at credit of estates and funds now amount to £13,918,906, an increase of £2,007,616 over the amounts held on the 31st March, 1920.

For the past five years the amounts at credit have been—

	£
1917	8,058,886
1918	9,004,057
1919	10,065,027
1920	11,911,290
1921	13,918,906

8. The total value of the assets (realized and unrealized) under the control of the Office on the 31st March, 1921, was £22,364,319, an increase of £1,503,633 over the value of those held on the 31st March of the previous year.

Office Reserves.

9. The Office reserves, which have been built up out of the profits made by the Office in successive years, amounted on the 31st March, 1921, to the considerable sum of £437,414. They consist of—

	£
Amounts held in the Assurance and Reserves Fund ..	142,148
Amount held in the Investment Fluctuation Fund to provide against any possible depreciation in the Office securities	43,395
(Note.—Both these amounts are invested in the same mode as are moneys held in the Common Fund of the Office.)	
Office premises, plant, equipment, &c.	251,871
Total	£437,414