1935.
NEW ZEALAND.

STATE ADVANCES OFFICE

(REPORT BY THE SUPERINTENDENT OF THE) FOR THE YEAR ENDED 31ST MARCH, 1935.

Laid before Parliament pursuant to Subsection (3) of Section 64 of the State Advances Act, 1913.

FORTY-FIRST ANNUAL REPORT.

A. GENERAL.

1. The State Advances Superintendent administers the following:—
   (*a*) Advances to Settlers (established 1894).
   (*b*) Rural Advances (established 1927).
   (*c*) Advances to Workers (established 1907).
   (*d*) Advances to Local Authorities (established 1910).
   (*e*) Public Debt Sinking Funds (moneys invested for the redemption of the public debt), (established 1910).
   (*f*) Advances Office Sinking Fund (moneys invested for the redemption of State Advances Loans), (established 1913).
2. The disturbing economic features of the last few years have been reflected in the Department's annual reports to Parliament. In an institution of the nature of this Office, established for the specific purpose of rendering financial assistance within certain limits by way of long-term loans to our citizens endeavouring to establish themselves, it was early apparent that the difficulties of the Office would increase with the serious drop in price-levels of the Dominion's produce and the fall in wages' returns. Although this expectation has been realized, the Department's Accounts for the year ending 31st March, 1935, support the view that earnest efforts are being made by many of its mortgagors to meet their engagements to the Office.
3. Broadly viewed, the Department's mortgagors may be divided into those engaged in rural pursuits and those receiving salaries or wages as their main income.

   Farm Securities.—A majority of the farmer-owners, notwithstanding low prices, have been able to continue the payments under the first mortgages secured against their holdings. To some in difficulties postponements of the principal repayments provided for under the table have afforded considerable assistance. The statutory power contained in section 10 (5) of the Mortgagors and Tenants Relief Act, 1933, has been exercised by the Superintendent where the need of such assistance has been established by the mortgagor. While the relief has been of value to the mortgagors, the Office securities have gained a corresponding benefit by making it possible in many instances for mortgagors to maintain the fertility and condition of the securities.

4. In other cases it has been possible to co-operate with the mortgagors and thereby enable them to take advantage of the subsidies offered by the Unemployment Board. Not having available funds for the rehabilitation of their holdings, they would otherwise be unable to take advantage of the subsidies offering. The Department, under certain conditions, has provided the finance direct or through the dairy companies to the extent of the sums necessary. Apart from the amounts made available through the media of the dairy companies, other assistance has been afforded by way of salvage. Some securities for various causes, principally poor land, are best left in the occupation of the present owners provided they are worked in a reasonable way. On ruling prices of produce the returns are barely sufficient to pay living and maintenance costs. The market demand is limited, and the replacement of such mortgagors by others similarly unfinancial does not offer any solution to the problem.

The policy of extending every reasonable opportunity to the mortgagor has been continued, but cases arise where the mortgagor's position renders necessary a sale of his security. There were 158 of such cases during the financial year ending 31st March, 1935.

5. The original organization of the State Advances Office did not provide for Field Officers, with the result that any regular supervision under recent slump conditions of the farming securities on a wide enough scale did not exist. In normal times it was deemed sufficient to concentrate on the comparatively few cases of difficult securities through its Inspecting Valuer. The conditions changed rapidly and the need of Field Officers became urgent. In its difficulty the State Advances Office invoked the assistance of the Valuer-General and his District Valuers, and for the last two years there has been the closest co-operation between the two Departments in respect of the field-work, with resulting benefits to both this Office and its mortgagors. In each valuation district the District Valuer acts now as the representative for this Department and identifies himself with its interests. The assistance obtained has proved most valuable to this Office.

6. *Town Securities.*—With regard to the securities in the urban and suburban areas, the Department has continued the provision made for regular and frequent collections from its mortgagors in arrear. This activity has now become an integral part of the Office administration, and its value to both the Office and its mortgagors fully established. For the year ended 31st March, 1935, the actual number of collections under the system amounted to 364,701, bringing in a gross return of £606,526. The Office has branch offices in Auckland, Christchurch, and Wellington and operates through agents under agency agreements in other parts of the Dominion. Monthly totals of the results of these operations appear in the Schedule, Forms A to F. Form A representing Auckland Branch operations; Form B, Wellington Branch; Form C, Christchurch Branch; Form D, agents in other centres; Form E shows a summary of A, B, C, and D on a month-to-month variation; Form F is a final summary.

7. While every consideration has been extended to mortgagors, it has become necessary in certain cases to assume control of securities as a mortgagee in possession. The Department has, for the reasons set out in last year's report, confined its measures to the letting of these reverted securities. This policy has been continued, as the conditions of the property market do not appear to justify any variation at the present time. These securities are referred to in the Schedule, Forms A to F, as "Rentals," but this category covers also approximately two hundred cases in which the Department has accepted an agency from the mortgagor and is collecting the revenue from the property against its charges. The capital represented in the rentals amounts to £2,836,448 approximately, or £786 per house. On the 31st March, 1935, the total number of "rental" cases amounted to 3,607, of which all but 73 were tenanted. The vacancies vary from month to month, due to seasonal and other causes. Auckland suburbs and Wellington accounted for 33 of these, and the remainder of the total above was distributed throughout New Zealand. The rent collected during the year in respect of the tenanted properties amounted to £158,975, being 94·43 per cent. of the rent payable and 79·38 per cent. of the gross instalments payable during that period in respect of the relative mortgages.

8. It will be readily appreciated that operations of this nature involve expenditure for repairs and painting in the upkeep of these assets. It is found that most securities of which possession has been obtained require expenditure before they can be let to tenants. The mortgagors have not had the means to undertake the maintenance-work and have held possession as long as it has been possible to do so. The properties are reconditioned by the Department as rapidly as possible so as to place them in a tenantable condition and earn rental revenue. Experience has shown that the Department is in a better position to command good tenants where the properties are in a reasonable tenantable state, but only necessary and unavoidable work is undertaken. The expenditure is strictly controlled and competitive prices obtained for any amount over £3. Tenders are called for work involving an expenditure of £12 or over. The work done is supervised and the relative accounts not passed for payment till the specifications have been complied with. The expenditure for repair and/or painting of these reversions in the year ended 31st March, 1935, is shown in three-monthly periods as follows:—

	£	s.	d.
1934—June quarter	6,493	7	11
September quarter	7,102	14	6
December quarter	8,205	19	6
1935—March quarter	6,153	9	6
	£27,955	11	5

9. The Department is required in its own interests to assist in some cases where the mortgagors are still in possession. Lack of means has prevented the proper maintenance by painting and further delay eventually would re-act against the Department. As the more urgent work has been completed on the "rental" properties opportunity is being taken to extend the Department's operations to those securities still in the possession of mortgagors but requiring to be painted to prevent rapid deterioration. This undertaking was commenced in November last and will be brought under the notice of the Mortgage Corporation for consideration in the coming spring. In the few months available ninety properties were painted for a total expenditure of £818 12s. 4d. It is obviously necessary to limit an expenditure of this nature, and the policy followed by the Office ensures to it a reasonable protection. The same supervision and control of expenditure is exercised as in the "rental" cases and the following limits are prescribed in adminis-tration:—

Applications for loans from present Office mortgagors for painting or repairs are considered by the State Advances Office Board on their receipt. The grant of any loan of this nature, however, is subject to the terms of the State Advances Act, and a valuation at the applicant's expense is required in the usual way. A margin of security satisfactory to the Office Board is required as in the case of all investment loans.

Where it is evident without valuation or after valuation that there is no margin of security the cases are dealt with under the following headings:—

(a) If the mortgagor is in a position to attend to the upkeep of his security the Department, like any other mortgagee, requires its security to be kept in a proper condition of repair.

(b) If the mortgagor is not in a position to provide the money to meet painting and repairs, the Department assists the mortgagor by postponing the principal part of his instalment, where legally in a position to do so, on his application for a sufficient period to enable payment of the cost of the work to be made by him out of the deferred principal payment.

(c) If the mortgagor is not in a position to provide the money to meet the cost of painting and repairs and the Department is so satisfied, then, provided the Department's security is in need of salvage, having regard to the amount owing thereon, the Department, with the mortgagor's consent, has essential painting and repair work undertaken and completed. The cost is charged against the security.

10. *Financial Aspects of Invested Capital as represented by the Mortgage Assets.*—A survey, supported by recent valuations, of the mortgage assets of the Office may be desirable but is not possible without a heavy increase in management expenses resulting from the costs of valuing the securities individually so widely distributed throughout the Dominion. At the 31st March, 1935, the number of securities totalled 51,784. These figures attest the difficulty of such a procedure. Indeed, the justification of entertaining such an expense would require to be supported by convincing reasons, having regard to the following conditions: Firstly, the difficulty of obtaining reliable valuations on a market that is lacking in demand. This is particularly true of house properties. Secondly, as prices of produce are depressed, a fair valuation of farming properties is more a matter of individual expert opinion rather than a reflection of the price that should be obtainable under normal competitive circumstances. Finally, in long-term lending the personal covenant is tied more closely to the security than is generally realized. The continued capacity to pay annual instalments is almost as important as the strong financial position of the borrower at any given time. As a result, provided annual instalments are met as they fall due, over a period of years a doubtful security passes into the class of a safe investment. How can any appraisement be made of this "capacity to pay"? Under such circumstances it is perhaps as informative to confine the present consideration to an analysis of the financial position of the Office as disclosed by its records. The groupings of the figures below have been arrived at in an endeavour to show the position from two different points of approach. The repayments are referable not only to the advances shown in the line immediately above, but also to all prior advances.

11. Looking at the movements of the capital in retrospect over a period of years, classified under loans to workers and loans to settlers, the following is the position:—

—	Settlers.	Workers.	Total.
	£	£	£
Loans outstanding 31st March, 1913	7,600,936	2,007,917	9,608,853
New advances 1st April, 1913, to 31st March, 1921	6,105,090	2,175,820	8,280,910
Repaid to 31st March, 1921	6,035,800	1,478,380	7,514,180
Balance outstanding 31st March, 1921	7,670,226	2,705,357	10,375,583
Advances 1st April, 1921, to 31st March, 1931	26,438,995	16,665,792	43,104,787
Repaid to 31st March, 1931	9,489,746	3,973,909	13,463,655
Balance outstanding 31st March, 1931	24,619,475	15,397,240	40,016,715
Advances 1st April, 1931, to 31st March, 1935	1,716,981	414,305	2,131,286
Repaid to 31st March, 1935	3,816,435	1,509,288	5,325,723
Balance outstanding 31st March, 1935	22,520,021	14,302,257	36,822,278

The main deduction that may reasonably be drawn is that capital, represented by current mortgage securities, in a large measure found investment in the ten-year period, 1921–31, a decade of buoyant prices excepting a relatively short period. Again, the growth of the advances in the settlers' classification from 1921 as compared with the operations in the workers' classification was as 15 : 12.

12. Viewing the position from the stand-point of a block valuation of the amounts advanced as compared with the total valuations then existing, with sub-classifications of mortgagors in arrear and mortgagors up to date, with further subdivisions, the following tables have been compiled. The figures are to be taken as estimates, although they have been based on approximate balances from the individual cases in the Office books. The purpose in view was to obtain in broad outline an approximate classification of the securities in the different classes according to stated repaid percentages. Further, the data was obtained approximately two months after the 31st March, 1935, and reconciliation with the totals in the year's accounts must allow for this factor.

(*a*) As to mortgagors in arrear:—

Class.	Classification of Principal repaid.	Number of Mortgagors in Arrear.	Amount of Original Advances.	Balance of Principal outstanding at June, 1935.	Percentage of Principal outstanding to Original Advances.
			£	£	
Farm, 75 per cent. limit	50 per cent. or over repaid	310	199,230	66,787	33·52
	25 per cent. to 50 per cent.	804	562,575	362,374	64·40
	10 per cent. to 25 per cent.	1,461	2,039,390	1,759,729	86·29
	Up to 10 per cent. ..	2,590	3,815,200	3,620,281	94·89
Farm, 66⅔ per cent. limit	50 per cent. or over repaid	..	..	..	..
	25 per cent. to 50 per cent.	6	9,735	5,628	57·81
	10 per cent. to 25 per cent.	41	45,535	37,998	83·44
	Up to 10 per cent. ..	1,199	2,368,990	2,315,397	97·73
Residential, 75 per cent. limit	50 per cent. or over repaid	1,084	431,565	152,215	35·27
	25 per cent. to 50 per cent.	1,968	1,042,310	653,444	62·69
	10 per cent. to 25 per cent.	815	586,990	488,532	83·24
	Up to 10 per cent. ..	1,075	892,465	846,125	94·81
Residential, 95 per cent. limit	50 per cent. or over repaid	8	5,355	1,670	31·18
	25 per cent. to 50 per cent.	486	294,775	198,258	67·29
	10 per cent. to 25 per cent.	1,192	994,555	842,836	84·74
	Up to 10 per cent. ..	4,218	3,951,715	3,784,509	95·76
Rental properties, 75 per cent. limit	50 per cent. or over repaid	38	19,655	7,286	37·06
	25 per cent. to 50 per cent.	232	122,000	79,996	65·57
	10 per cent. to 25 per cent.	209	149,075	123,369	82·75
	Up to 10 per cent. ..	363	319,055	303,661	95·17
Rental properties, 95 per cent. limit	50 per cent. or over repaid	1	500	232	46·49
	25 per cent. to 50 per cent.	69	46,075	32,331	70·17
	10 per cent. to 25 per cent.	416	355,465	305,570	85·96
	Up to 10 per cent. ..	2,151	2,027,190	1,944,361	95·91
Totals ..	..	20,736	20,279,400	17,932,589	..

(*b*) As to mortgages up to date:—

Class.	Classification of Principal repaid.	Number of Mortgagors Up-to-date.	Amount of Original Advances.	Balance of Principal outstanding at June, 1935.	Percentage of Principal outstanding to Original Advances.
			£	£	
Farm, 75 per cent. limit	50 per cent. or over repaid	1,679	976,180	360,949	36·97
	25 per cent. to 50 per cent.	1,864	1,260,050	780,107	61·91
	10 per cent. to 25 per cent.	2,598	3,723,380	3,138,638	84·26
	Up to 10 per cent. ..	1,918	2,641,725	2,501,986	94·70
Farm, 66⅔ per cent. limit	50 per cent. or over repaid	9	17,050	6,315	37·04
	25 per cent. to 50 per cent.	21	31,930	22,352	70·00
	10 per cent. to 25 per cent.	85	77,855	64,912	83·37
	Up to 10 per cent. ..	1,177	2,072,180	1,983,509	95·72
Residential, 75 per cent. limit	50 per cent. or over repaid	6,120	2,553,570	943,197	36·90
	25 per cent. to 50 per cent.	4,900	2,610,255	1,602,477	61·39
	10 per cent. to 25 per cent.	1,505	1,161,500	969,007	83·43
	Up to 10 per cent. ..	1,498	1,258,950	1,179,838	93·71
Residential, 95 per cent. limit	50 per cent. or over repaid	62	42,525	15,801	37·15
	25 per cent. to 50 per cent.	1,217	761,415	483,962	63·56
	10 per cent. to 25 per cent.	1,539	1,307,655	1,038,457	79·41
	Up to 10 per cent. ..	3,881	3,586,145	3,367,652	93·91
Rental properties, 75 per cent. limit	50 per cent. or over repaid	15	8,350	3,791	45·40
	25 per cent. to 50 per cent.	14	6,365	3,947	62·01
	10 per cent. to 25 per cent.	6	4,120	3,352	81·35
	Up to 10 per cent. ..	14	10,090	9,729	96·42
Rental properties, 95 per cent. limit	50 per cent. or over repaid	1	800	157	19·62
	25 per cent. to 50 per cent.	3	2,105	1,380	65·55
	10 per cent. to 25 per cent.	9	7,750	6,474	83·53
	Up to 10 per cent. ..	13	11,360	10,812	95·17
Totals ..	..	30,148	24,133,305	18,498,801	..

It is not proposed to express any decided comment as to the eventual outcome, but substantial adjustments are possible under careful management with the aid of some recovery in prices supported by the manner of the lending—viz., repayment tables. It will be observed that seventy-five rental cases are included in the classification of mortgagors up to date. In these instances the arrears have been overtaken by the rental revenue, but legal and other difficulties require their continuance under the existing arrangements.

13. Under section 41 of the State Advances Act, 1913, the mortgagor is entitled to a rebate on his half-yearly instalment provided the instalment is paid within fourteen days of the due date. At yearly intervals the proportion of mortgagors that have earned their rebate has been recorded in the Department and carried forward in the annual reports to Parliament. The comparison of these percentages on the assumption that the average amount owing by the mortgagors who earned their rebate was approximately equal to the average amount owing by those who did not earn their rebate, afforded some indication of the securities that may be termed reasonably good. It is true that the inference is more referable to the capacity of the mortgagors to pay their annual instalments but regarded from the point of view of a long-term mortgage the capacity to meet annual instalments is a fair index of a good security, always providing care was exercised in the original lending. The basis on which the question of rebate was decided has, however, been altered in recent years, and these percentages consequently can no longer be used for the same purpose. Until the postponement of the capital portion of an instalment could be given effect to all instalments on which rebate was earned comprised interest and principal. Under present conditions rebate may be earned on the current interest payment only where the capital portion has been postponed either by the order of the Court or by a prior arrangement with this Office. Again a rebate could not be earned if any arrears were outstanding in respect of prior instalments. Section 20 of the Finance Act, 1932, gave power for the earning of rebate provided the amount paid within the rebate period amounted to the prescribed instalment for that particular period, notwithstanding any existing arrears. Section 19 of the Finance Act gave power for capitalization of the arrears of interest and thus a further factor operates to affect any comparison with the rebate performances prior to 1932. Subject to the above comment the rebate figures are supplied in the three main branches of Settlers, Rural Advances, and Workers, and for information purposes the percentages earned in earlier years back to 1930 are now presented :—

Branch.	1930.	1931.	1932.	1933.	1934.	1935.
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Settlers	84	77	66	64	73	73
Rural advances ..	91	75	46	41	66	64
Workers	80	78	62	61	63	66

14. *Interest due during the Year.*—The interest due by the mortgage securities —*i.e.*, excluding local authorities—in the Office for the financial year just ended, as compared with the interest due for the preceding financial year and the cash receipts in the both years are as follows :—

——	Interest due.	Net interest received.	Shortage.
	£	£	£
1933–34	1,966,127	1,562,707	403,420
1934–35	1,913,611	1,711,446	202,165

The receipts of interest as shown in any year are not entirely referable to the interest due in that particular year, but may include payments on account of arrears of interest accrued in previous years.

15. *The Arrears Position.*—A consideration of the position of the annual increase in the arrears of interest and principal payable in respect of instalments that have become due in that time, is possible from the undermentioned table. The figures include any arrears from local-body debenture investments under Part III of the Local Bodies' Loans Act, 1926. The figures are taken in quarterly intervals and show the yearly movements for the years 1932–35 inclusive :—

Quarters ending.	Quarterly periods.			
	Year ending 31st March, 1932.	Year ending 31st March, 1933.	Year ending 31st March, 1934.	Year ending 31st March, 1935.
	£	£	£	£
30th June	163,023	163,123	158,773	58,118
30th September	185,689	165,169	179,288	56,832
31st December	136,411	119,295	125,709	73,997
31st March	157,061	111,623	44,362	18,724
Yearly totals ..	642,184	559,210	508,132	207,671

It should be pointed out that since 1932 a postponement of principal (where made) has not been included in the arrears position unless the postponement arises after due date—*i.e.*, through a Court order. Furthermore, arrears have been cleared in the Department's books in some cases by way of capitalization since the Finance Act, 1932, was passed. The capitalization would not be agreed to unless it appeared, on the information available, that there was a security to represent the total debt. The peak year of arrears so far as this Office is concerned was in 1931–32. The following financial year disclosed a substantial decline, and the downward trend was further confirmed in the year ended 31st March, 1934. For the year ended 31st March, 1935, the position has shown a decided improvement, and in it lies the encouragement for the future.

16. A further analysis of the arrears figures for the past three years has been made, excluding from the totals the arrears in the Local Authorities Branch. The amounts have been brought down to *average* monthly totals. The position shown is as follows :—

	1932–33.	1933–34.	1934–35.
Settlers	23,040	17,462	2,978
Rural advances ..	8,076	5,075	−236
Workers	16,727	19,534	15,100

The Settlers Branch includes residential and farming securities; the Rural Advances Branch, as the name implies, only rural lands. It would seem that there is some evidence of a time-lag in the recovery of the position of the mortgagors in the Workers Branch. It should not, however, be overlooked that the margins of lending in the above three branches were unequal. In the Settlers Branch the statutory limit of any advance was 75 per cent. of the capital value, in the Rural Advances $66\frac{2}{3}$ per cent. of the capital value, and in the Workers 95 per cent. of the cost. Prior to the amending statute of 1923, the limit in the Workers Branch was 75 per cent. of the capital value.

17. *Graphs (Form No. 1).*—The movement of the arrears is illustrated in the graphs on Form 1 of the Schedule.

Graph A shows the volume of the lending and the decline in the amount of principal outstanding due to repayments exceeding the new loans. The period covered is March, 1929, to March, 1935.

Graph B shows the growth of arrears over the same period.

Graph C shows the same information, but the plottings have been made on the percentage of arrears to principal outstanding at intervals over the same period.

18. *Repayment of Mortgages.*—The figures below do not include repayments provided for under the tables. They represent the repayment, either in part or in whole, by mortgagors of the amounts secured to the Department:—

	£		£
1930	344,503	1933	125,221
1931	229,384	1934	218,337
1932	125,084	1935	418,569

A graph (Form No. 2) illustrates the comparison over the period 1930 to 1935.

19. *The Mortgagors and Tenants Relief Act, 1933.*—Under section 10, paragraph 5, of the above Act power was given to this Office, on the application of a mortgagor, to agree to the postponement of principal repayment by way of temporary relief. Section 19 of the Finance Act, 1932, gave the necessary authority for the capitalization of arrears of interest. The following table illustrates the relief extended by the Department to its mortgagors during the financial year just ended:—

	Number of Cases.		Amount. £ s. d.
(1) Arrears of interest remitted	131		16,693 16 2
(2) Current interest reduced	82		..
(3) Arrears of interest capitalized	306		40,294 8 8
(4) Suspension of principal repayments	3,188		106,187 8 6
(5) Mortgage readjusted	108	Annual instalments reduced—	
		From	9,548 12 2
		To	5,797 14 4
		Annual reduction	£3,750 17 10
(6) Term of mortgage extended	8	Annual instalments reduced—	£ s. d.
		From	775 16 4
		To	710 15 10
		Annual reduction	£65 0 6

20. The above table includes any relief granted through the Court or any relief that was agreed to by way of a compromise once proceedings had been initiated by the mortgagor. There were in all 428 cases during the year in which proceedings were taken either by the Department or the mortgagor. Of this number, 264, or 60 per cent., were initiated by the mortgagor. Three hundred and fifty of the applications related to rural securities, and this number was made up of 205 applications in respect of dairying securities and 117 in respect of sheep-farming properties. Approximately two-thirds of the cases were disposed of by the Court or by arrangement between the Department and the mortgagors. Approximately 143 still await finalization by the Court. Application was withdrawn by the mortgagor in 40 instances, while in 43 cases the applications were dismissed by the Court.

The following is a brief summary of the forms in which relief, apart from the voluntary arrangement between the parties, was granted:—

In 128 cases arrears were postponed.
In 45 cases interest arrears were remitted.
In 58 cases current interest was reduced.
In 10 cases arrears were capitalized.
In 52 cases a pooling arrangement was ordered or consented to.

It will be seen that the method of relief most availed of is that by way of a suspension of principal repayments of the instalments due.

21. *Office Organization.*—The State Advances Office organization at the end of the financial year under review consisted of a total staff of 219, made up of 108 permanent officers and 111 temporary officers. The Head Office is in Wellington, and operates through three branches, its agencies in other towns throughout New Zealand, its legal representatives, and its field representation,

Branches.—The three branches are located one in each Auckland, Wellington, and Christchurch. Each is a collecting agency and also handles and is responsible for the supervision of repair and painting work to securities in its district, under certain limitations and conditions. The administration cost has been kept at a minimum. On the annual turnover at the branches the cost of the collection and supervision is as follows :—

	Per Cent.
Auckland Branch Office	3·1
Wellington Branch Office	3·0
Christchurch Branch Office	3·7

In assessing the costs of the branch offices provision is made not only for current expenses, but also for the writing-off within a period of four years of the capital costs of motor-cars used in the work of collection.

Agencies.—There are eighty-two agencies in eighty towns throughout New Zealand. These agents are working under an agency agreement with the Office and were selected by the Department after careful inquiry as to their suitability for the special services required.

Legal Representatives.—There are sixty legal firms in fifty-nine towns and cities representing the State Advances Office. The policy of the Department has been continued so far as its legal work is concerned. The recognized legal representatives act for the Department in its general legal work and also in the preparation of the securities, unless an applicant indicates a preference for his own solicitor to prepare the security in the event of a loan being granted to him by the State Advances Board. As a general rule the applicant's request in this matter has been acceded to. The costs of the legal services are in accordance with a scale specially referable to this Department.

Field representation.—The State Advances Office has been acting in close co-operation with the Valuer-General, and through his office has representation in the eighteen valuation districts throughout the Dominion for its field-work. The work performed by the District Valuers has been of great assistance to this Office. In the absence of a permanent field staff it was found necessary to obtain this assistance in the present circumstances.

B. YEAR'S ACCOUNTS.

With respect to the year's accounts the following features are to be noted :—

22. The total amount advanced from the inception of the Office in 1894 up to the 31st March, 1935, was £75,878,207 13s. 5d. Payments of half-yearly instalments, together with repayments in full to release securities, have to date totalled £34,622,506 15s. 4d., leaving a balance outstanding of £41,255,700 18s. 1d.
23. The total losses from the inception amount to £885,396 0s. 11d., or £1 3s. 4d. in every £100 of the amount advanced. This total does not include losses which may in fact exist but are not definitely ascertainable until securities are realized.
24. The percentage of arrears to the balance of advances outstanding at the close of the year was 6·196 per cent.
25. The total capital amounts to £44,229,509 1s. 3d., and the cost of management expenses is £70,171 12s., being 0·159 per cent., or 3s. 2d. per £100 of the capital employed.
26. Mortgages and instalments of principal repaid during the year amounted to £1,671,591 10s.
27. The interest collected from all sources amounted to £1,991,578 1s. 5d., and the interest paid on loan-moneys was £1,652,376 13s. 9d.
28. Interest amounting to £40,294 8s. 8d. was capitalized during the year.
29. The interest earned for the year on the Sinking Funds administered was :—

	£	s.	d.
Public Debt Sinking Funds	123,989	1	11
Advances Office Sinking Funds	95,340	0	7

30. The amount outstanding on Current Account at the 31st March, 1935, was £11,684 0s. 2d.

31. The commitments in respect of loans granted and not paid over in whole or in part at the 31st March, 1935, amount to £136,795.

32. No Rural Advances bonds were issued during the year.

33. The total advances now current are as follows :—

—	Loans to Settlers.		Loans to Workers.		Loans to Local Authorities.		Totals.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
		£		£		£		£
Freeholds ..	19,785	18,218,126	21,290	13,530,693	..	..	41,075	31,748,819
Leaseholds ..	8,922	3,903,712	1,419	771,564	..	..	10,341	4,675,276
Freeholds and leaseholds combined	368	398,183	..	..	..	..	368	398,183
Debentures issued by local bodies	..	..	..	..	289	4,433,423	289	4,433,423
Totals ..	29,075	22,520,021	22,709	14,302,257	289	4,433,423	52,073	41,255,701

34. The number and amount of current advances classified into (*a*) Rural land, (*b*) urban and suburban land, are as follows :—

—	Loans to Settlers.		Loans to Workers.		Loans to Local Authorities.		Totals.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
		£		£		£		£
Rural land ..	16,325	17,380,182	..	..	152	2,312,465	16,477	19,692,647
Urban and suburban land	12,750	5,139,839	22,709	14,302,257	137	2,120,958	35,596	21,563,054
Totals ..	29,075	22,520,021	22,709	14,302,257	289	4,433,423	52,073	41,255,701

35. The average balance of principal outstanding per mortgagor is :—

	£
Loans on rural properties	1,065
Loans on urban and suburban properties	548
Loans to local authorities	15,341

36. The number and amount of advances, classified in accordance with the tenure of the security, paid over during the year are as follows :—

—	Loans to Settlers.		Loans to Workers.		Loans to Local Bodies.		Totals.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
		£		£				£
Freeholds	211	141,540	70	36,945	..	..	281	178,485
Leaseholds	22	17,820	2	1,540	..	..	24	19,360
Freeholds and leaseholds combined	1	2,230	..	..	..	..	1	2,230
Debentures issued by local bodies	..	..	..	..	..	..	..	..
Totals	234	161,590	72	38,485	..	..	306	200,075

37. Consequent on the Department exercising its powers of sale, the following advances granted to purchasers replaced existing mortgages :—

	Number.	Amount.
		£
Loans to settlers	158	171,440
Loans to workers	6	3,900
	164	£175,340

38. Funds amounting to £237,115, provided by Treasury in accordance with the Earthquake Act, 1931, have been paid to local bodies, and the balance outstanding in respect of the above advances at the close of the year was £235,938 12s. 1d.

MISCELLANEOUS BUSINESS BRANCH.

39. Under this Branch the administration of the following accounts, created as national emergency measures during the war period, was transferred by amalgamation to the State Advances Superintendent in 1922. The functions in respect of each account are now limited.

(*a*) Housing Account.
(*b*) Loans to Employers for Workers' Dwellings Account.
(*c*) Fruit-preserving Industry Advances Account.
(*d*) Cold-storage Advances Account.
(*e*) Fishing-industry Promotion Account.
(*f*) Repatriation.

Housing Account.

40. No moneys were expended during the year in acquiring land, preparing land for dwellings, or in the erection of houses.

41. The amount outstanding in respect of 473 homes under agreements to purchase is £251,906 1s. 2d., and the arrears at the close of the year were £12,469 17s. 10d.

Repatriation.

42. During the year the sum of £8,540 9s. 6d. (principal moneys), was repaid by borrowers.

43. The present position is that 910 borrowers are indebted to the extent of £113,966 12s. 9d. for business loans, and 3,592 borrowers owe £74,389 10s. 7d. for furniture loans: a total of £188,356 3s. 4d. in respect of principal moneys.

44. Mortgages and instalments of principal repaid for the year in respect of the above sundry accounts amounted to £18,119 5s. 6d., and the interest collected was £17,864 2s. 9d.

Staff.

45. With the many and varied problems arising out of the difficult years through which the Dominion is passing a busy year has again been experienced. In spite of the heavy demands made upon the staff, the officers have loyally co-operated with the executive and continue to give their best services to the Department.

G. E. Miller, Superintendent.

State Advances Office, Wellington, 17th July, 1935.

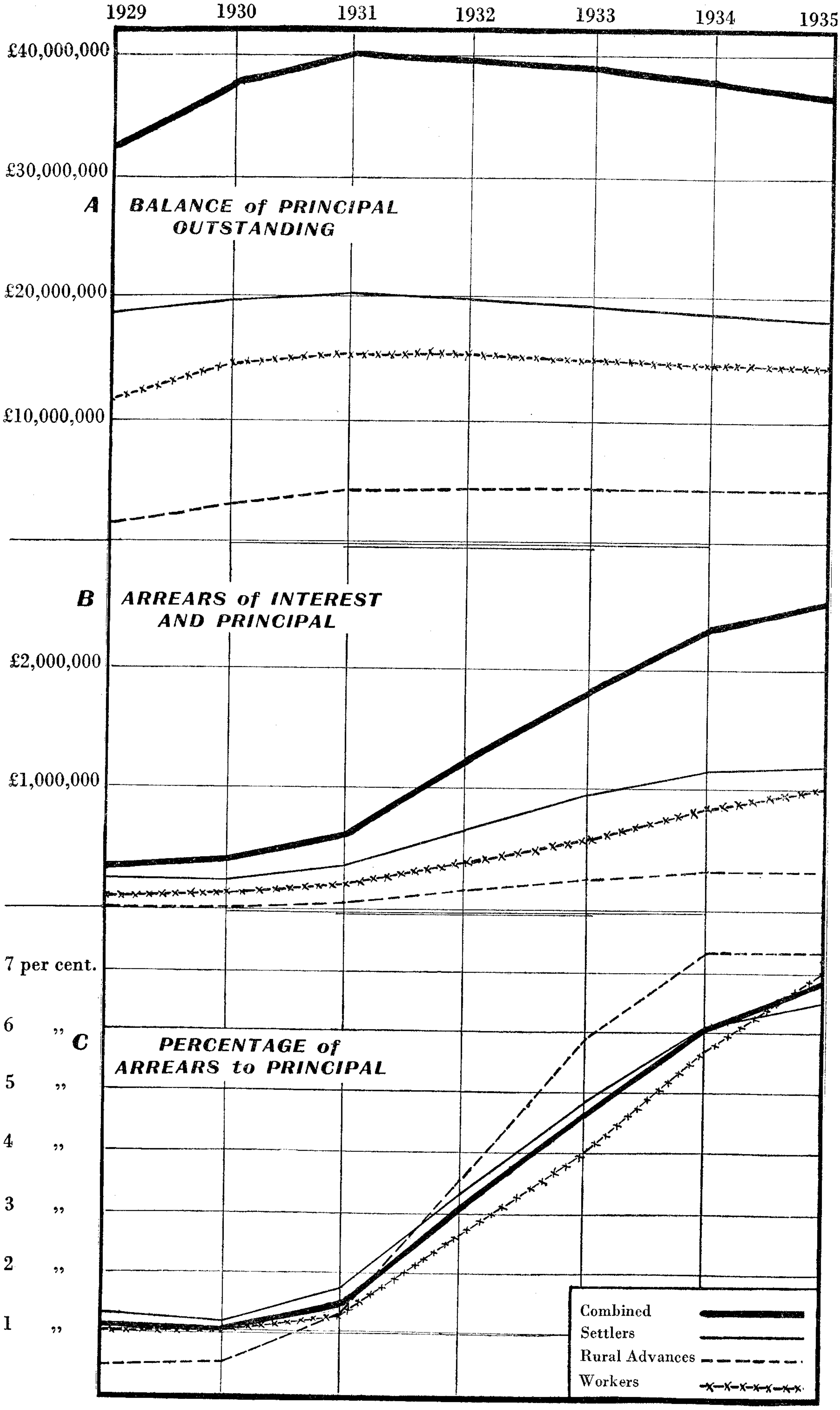
SCHEDULE REFERRED TO IN REPORT.

Form A.—Synopsis of Auckland Branch Collections.
Form B.—Synopsis of Wellington Branch Collections.
Form C.—Synopsis of Christchurch Branch Collections.
Form D.—Synopsis of Agency Collections.
Form E.—Summary of monthly totals and percentages of branches and agencies.
Form F.—Summary showing totals and percentages (branches and agencies shown separate).
No. 1.—*Arrears* Graphs: Settlers, Workers, and Rural Advances Branches, and Movement of Loan Capital.
A. Movement of Loan Capital.
B. Arrears of Interest and Principal.
C. Percentage of Arrears to Principal.
No. 2.—Cash Repayments of Principal (excluding Repayments provided for under the Table Mortgages.

Form No. 1.

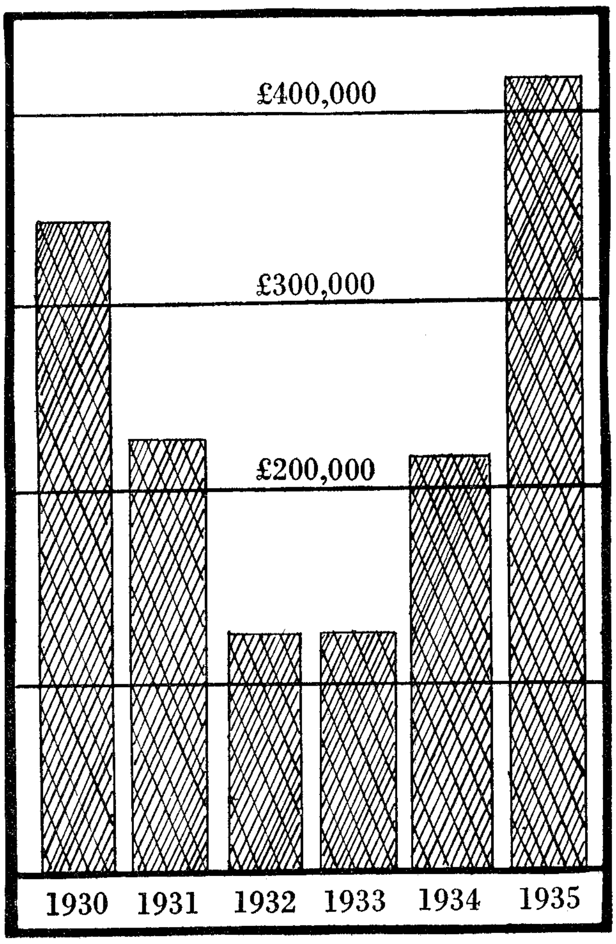
SETTLERS, WORKERS, AND RURAL ADVANCES BRANCHES.

(Figures, individual and combined, yearly from March, 1929, to March, 1935.)



Form No. 2.

CASH REPAYMENTS OF PRINCIPAL (EXCLUSIVE OF HALF-YEARLY INSTALMENT), TWELVE MONTHS ENDING MARCH, 1930, TO 1935.



Form A.

SUMMARY OF MONTHLY TOTALS AND PERCENTAGES, YEAR ENDED 31ST MARCH, 1935.

AUCKLAND BRANCH OFFICE.

(NOTE.—The calculations in columns 4 and 5 and 14 and 15 have been based on the monthly equivalent of a half-yearly instalment.)

Month.	Number of Mortgagors under Collection.		Gross Half-yearly Instalments payable on account under Collection.		Rent payable in respect of Rental Collection.	Percentage of Rent payable to Half-yearly Instalments.	Number of Collections.		Amount of Collections.				Percentage of Collection to Half-yearly Instalments.		Percentage of Rent collected to Rent payable.	Average Monthly Payment per Mortgagor in Arrear.
	Instalments.	Rentals.	Instalments.	Rentals.			Instalments.	Rentals.	Instalments. Branch	Instalments. Direct.	Rentals.	Total.	Instalments.	Rentals.		
1934.			£	£	£	Per Cent.			£	£	£	£	Per Cent.	Per Cent.	Per Cent.	£ s. d.
April	2,780	1,460	13,651	7,639	5,995	78·48	6,280	4,108	8,936	291	5,594	14,821	67·59	73·23	93·31	3 9 11
May	2,761	1,509	13,573	7,884	6,186	78·47	7,431	5,166	9,965	431	6,603	16,999	76·66	83·75	106·75*	3 19 8
June	2,769	1,523	13,584	7,958	6,252	78·56	6,390	4,504	8,983	349	5,875	15,207	68·70	73·83	93·97	3 10 10
July	2,759	1,557	13,537	8,134	6,387	78·52	7,055	5,079	9,810	396	6,390	16,596	75·39	78·56	100·00*	3 16 11
August	2,759	1,586	13,540	8,286	6,498	78·34	7,379	5,412	9,919	85	6,711	16,715	73·88	80·93	96·82	3 16 11
September ..	2,758	1,606	13,562	8,388	6,582	78·46	6,362	4,775	8,705	94	5,922	14,721	64·88	70·60	91·03	3 7 5
October	2,730	1,640	13,410	8,662	6,738	77·78	6,969	5,400	9,950	151	7,074	17,175	75·32	81·66	104·98*	3 18 7
November ..	2,726	1,660	13,491	8,763	6,829	77·93	6,744	5,329	9,501	69	6,799	16,369	71·68	77·58	99·56	3 14 7
December ..	2,727	1,668	13,493	8,771	6,867	78·29	5,202	4,182	7,827	54	5,928	13,809	58·40	67·58	86·32	3 2 10
1935.																
January ..	2,729	1,700	13,490	8,932	6,984	78·07	5,767	4,760	9,768	102	7,312	17,182	73·16	81·86	104·69*	3 17 7
February ..	2,726	1,707	13,474	8,978	7,027	78·28	6,159	4,978	9,431	285	6,906	16,622	72·11	76·92	98·33	3 15 3
March ..	2,746	1,722	13,581	9,054	7,101	78·42	6,462	5,262	9,625	166	6,902	16,693	72·09	76·23	97·19	3 14 8
Totals ..	..	..	162,386†	101,449†	79,446	78·31	78,200	58,955	112,420	2,473	78,016	192,909	70·75	76·90	98·20	44 5 2

* Includes amounts due in previous month. † These amounts are subject to a reduction under the National Expenditure Adjustment Act and also to a further reduction in respect of rebates allowable

Form B.

SUMMARY OF MONTHLY TOTALS AND PERCENTAGES, YEAR ENDED 31ST MARCH, 1935—*continued*.

WELLINGTON BRANCH OFFICE.

(NOTE.—The calculations in columns 4 and 5 and 14 and 15 have been based on the monthly equivalent of a half-yearly instalment.)

Month.	Number of Mortgagors under Collection.		Gross Half-yearly Instalments payable on account under Collection.		Rent payable in respect of Rental Collection.	Percentage of Rent payable to Half-yearly Instalments.	Number of Collections.		Amount of Collections.				Percentage of Collection to Half-yearly Instalments.		Percentage of Rent collected to Rent payable.	Average Monthly Payment per Mortgagor in Arrear.
	Instalments.	Rentals.	Instalments.	Rentals.			Instalments.	Rentals.	Instalments. Branch.	Instalments. Direct.	Rentals.	Total.	Instalments.	Rentals.		
1934.			£	£	£	Per Cent.			£	£	£	£	Per Cent.	Per Cent.	Per Cent.	£ s. d.
April	2,828	603	15,104	3,439	3,041	88·43	6,504	1,568	9,398	370	2,644	12,412	64·67	76·88	86·94	3 12 4
May	2,847	625	15,197	3,561	3,162	88·77	7,804	1,917	10,870	449	3,053	14,372	74·48	85·73	96·55	4 2 9
June	2,858	647	15,258	3,679	3,253	88·42	6,718	1,733	9,746	214	2,796	12,756	65·27	76·00	85·95	3 12 9
July	2,844	654	15,191	3,730	3,291	88·23	7,436	1,940	10,530	496	3,138	14,164	72·58	84·13	95·35	4 0 11
August	2,838	660	15,142	3,763	3,330	88·49	7,590	2,027	11,115	114	3,253	14,482	74·15	86·44	97·68	4 5 0
September ..	2,810	681	15,035	3,894	3,443	88·41	6,693	1,799	9,837	243	2,989	13,069	67·04	76·76	86·81	3 14 10
October	2,807	689	15,015	3,935	3,485	88·56	7,302	1,965	10,963	239	3,312	14,514	74·60	84·16	95·03	4 3 0
November ..	2,800	715	14,991	4,093	3,641	89·20	7,160	2,056	10,851	232	3,402	14,485	73·93	83·12	93·43	4 2 5
December ..	2,798	730	14,979	4,180	3,723	89·06	5,649	1,743	9,991	401	3,145	13,537	69·64	75·23	84·47	3 16 9
1935.																
January ..	2,800	736	15,014	4,219	3,762	89·16	6,020	1,799	10,633	287	3,715	14,635	74·06	88·05	98·75	4 3 10
February ..	2,813	761	15,077	4,367	3,794	86·87	6,333	1,950	9,944	460	3,441	13,845	69·00	78·79	90·69	3 17 5
March	2,816	774	15,063	4,446	3,876	87·17	6,754	2,122	10,802	281	3,636	14,719	73·57	81·78	93·80	4 2 0
Totals ..	..	..	181,066*	47,306*	41,801	88·36	81,963	22,619	124,680	3,786	38,524	166,990	70·95	81·44	92·16	47 14 0

* These amounts are subject to a reduction under the National Expenditure Adjustment Act and also to a further reduction in respect of rebates allowable.

Form C.

SUMMARY OF MONTHLY TOTALS AND PERCENTAGES, YEAR ENDED 31ST MARCH, 1935—*continued.*

Christchurch Branch Office.

(Note.—The calculations in columns 4 and 5 and 14 and 15 have been based on the monthly equivalent of a half-yearly instalment.)

Month.	Number of Mortgagors under Collection.		Gross Half-yearly Instalments payable on account under Collection.		Rent payable in respect of Rental Collection.	Percentage of Rent payable to Half-yearly Instalments.	Number of Collections.		Amount of Collections.				Percentage of Collection to Half-yearly Instalments.		Percentage of Rent collected to Rent payable.	Average Monthly Payment per Mortgagor in Arrear.
	Instalments.	Rentals.	Instalments.	Rentals.			Instalments.	Rentals.	Instalments. Branch.	Instalments. Direct.	Rentals.	Total.	Instalments.	Rentals.		
			£	£	£	Per Cent.			£	£	£	£	Per Cent.	Per Cent.	Per Cent.	£ s. d.
1934.																
April	1,476	173	6,103	807	749	92·81	3,147	396	4,035	74	647	4,756	67·33	80·17	86·39	2 17 8
May	1,493	176	6,176	822	760	92·46	3,728	512	4,674	100	762	5,536	77·29	92·70	100·00*	3 6 4
June	1,505	179	6,199	838	773	92·24	3,320	458	4,399	190	709	5,298	74·03	84·60	91·72	3 1 11
July	1,493	176	6,147	822	760	92·45	3,548	476	4,427	223	710	5,360	75·64	86·49	93·42	3 4 3
August	1,495	187	6,153	876	810	92·46	3,680	525	4,740	88	796	5,624	78·46	90·86	98·27	3 8 3
September ..	1,500	192	6,180	900	832	92·44	3,319	473	4,189	100	696	4,985	83·96	77·33	83·65	3 2 7
October	1,498	191	6,174	903	832	92·14	3,571	521	4,847	152	834	5,833	80·97	92·36	100·00*	3 9 1
November ..	1,499	197	6,174	930	858	92·95	3,424	504	4,475	107	837	5,419	74·21	90·00	97·55	3 3 10
December ..	1,498	201	6,186	949	875	92·20	2,614	444	4,120	108	758	4,986	68·44	79·87	86·62	2 18 8
1935.																
January ..	1,502	202	6,189	957	879	91·84	3,164	507	4,442	174	919	5,535	74·58	96·02	104·55*	3 4 10
February ..	1,510	205	6,226	971	883	90·93	3,156	499	4,251	303	808	5,362	73·14	83·21	91·50	3 2 6
March	1,515	208	6,251	998	905	90·68	3,357	513	4 513	182	864	5,559	75·10	86·57	95·46	3 4 5
Totals ..	..	..	74,158†	10,773†	9,916	92·04	40,028	5,828	53,112	1,801	9,340	64,253	74·05	86·67	94·20	38 4 4

* Includes amounts due in previous month. † These amounts are subject to a reduction under the National Expenditure Adjustment Act and also to a further reduction in respect of rebates allowable.

SUMMARY OF MONTHLY TOTALS AND PERCENTAGES, YEAR ENDED 31ST MARCH, 1935—*continued*.

Form D.

AGENCY COLLECTIONS.

(NOTE.—The calculations in columns 4 and 5 and 14 and 15 have been based on the monthly equivalent of a half-yearly instalment.)

Month.	Number of Mortgagors under Collection.		Gross Half-yearly Instalments payable on account under Collection.		Rent payable in respect of Rental Collection.	Percentage of Rent payable to Half-yearly Instalments.	Number of Collections.		Amount of Collections.				Percentage of Collection to Half-yearly Instalments.		Percentage of Rent collected to Rent payable.	Average Monthly Payment per Mortgagor in Arrear.
									Instalments.							
	Instalments.	Rentals.	Instalments.	Rentals.			Instalments.	Rentals.	Branch.	Direct.	Rentals.	Total.	Instalments.	Rentals.		
			£	£	£	Per Cent.			£	£	£	£	Per Cent.	Per Cent.	Per Cent.	£ s. d.
1934.																
April	4,852	676	18,669	3,053	2,796	91·58	4,991	957	10,935	794	2,398	14,127	62·83	78·54	85·76	2 11 1
May	4,865	679	18,705	3,060	2,790	91·18	5,275	994	11,553	1,184	2,487	15,224	68·04	81·27	89·14	2 14 11
June	4,859	697	18,657	3,136	2,869	91·48	5,172	1,034	11,311	1,446	2,588	15,345	68·37	82·52	90·20	2 15 3
July	4,853	715	18,589	3,216	2,945	91·57	5,044	1,021	11,040	978	2,596	14,614	64·70	80·72	88·89	2 12 6
August	4,830	737	18,560	3,336	3,046	91·30	5,311	1,035	11,625	864	2,632	15,121	67·46	78·89	86·40	2 14 5
September ..	4,813	744	18,500	3,371	3,076	91·21	5,394	1,082	11,652	995	2,772	15,419	68·36	82·23	90·11	2 15 5
October	4,814	753	18,509	3,392	3,107	91·59	5,417	1,096	11,678	1,091	2,864	15,633	68·98	84·43	92·18	2 16 2
November ..	4,794	769	18,438	3,482	3,198	91·84	5,482	1,132	12,099	771	2,875	15,745	69·69	82·56	89·91	2 16 8
December ..	4,787	782	18,405	3,538	3,258	92·08	5,390	1,041	11,855	673	3,171	15,699	62·63	89·62	97·32	2 16 4
1935.																
January ..	4,808	799	18,791	3,614	3,349	92·06	5,286	1,012	9,556	1,161	2,482	13,199	57·08	68·68	74·11	2 7 1
February ..	4,819	813	18,822	3,737	3,360	89·91	5,360	1,643	12,719	653	3,133	16,505	71·09	83·89	93·24	2 18 9
March	4,845	830	18,934	3,811	3,399	89·19	5,245	1,694	11,510	1,136	3,097	15,743	66·79	81·26	91·11	2 15 6
Totals ..	..	..	223,579*	40,746*	37,193	91·28	63,367	13,741	137,533	11,746	33,095	182,374	66·76	81·22	88·98	32 14 1

* These amounts are subject to a reduction under the National Expenditure Adjustment Act and also to a further reduction in respect of rebates allowable.

Form E.

SUMMARY OF MONTHLY TOTALS AND PERCENTAGES, PERIOD 1st APRIL, 1934, TO 31st MARCH, 1935.

(NOTE.—The calculations in columns 4 and 5 and 14 and 15 have been based on the monthly equivalent of a half-yearly instalment.)

Month.	Number of Mortgagors under Collection.		Gross Half-yearly Instalments payable on account under Collection.		Rent payable in respect of Rental Collection.	Percentage of Rent payable to Half-yearly Instalments.	Number of Collections.		Amount of Collections.				Percentage of Collection to Half-yearly Instalments.		Percentage of Rent collected to Rent payable.	Average Monthly Payment per Mortgagor in Arrear.
	Instalments.	Rentals.	Instalments.	Rentals.			Instalments.	Rentals.	Instalments. Branch.	Instalments. Direct.	Rentals.	Total.	Instalments.	Rentals.		
1934.			£	£	£	Per Cent.			£	£	£	£	Per Cent.	Per Cent.	Per Cent.	£ s. d.
April	11,936	2,912	53,527	14,938	12,581	84·22	20,922	7,029	33,304	1,529	11,283	46,116	65·08	75·54	89·68	3 2 2
May	11,966	2,989	53,651	15,327	12,898	84·15	24,238	8,589	37,062	2,164	12,905	52,131	73·11	84·19	100·00*	3 9 9
June	11,991	3,046	53,698	15,611	13,147	84·21	21,600	7,729	34,439	2,199	11,968	48,606	68·23	76·67	91·03	3 4 3
July	11,949	3,102	53,464	15,902	13,383	84·16	23,082	8,516	35,807	2,093	12,834	50,734	70·81	80·70	95·89	3 7 5
August	11,922	3,170	53,395	16,261	13,684	84·33	23,960	8,999	37,399	1,151	13,392	51,942	72·21	82·35	97·86	3 8 10
September ..	11,881	3,223	53,277	16,553	13,933	84·17	21,768	8,129	34,383	1,432	12,379	48,194	67·22	74·77	88·84	3 3 9
October	11,849	3,273	53,108	16,892	14,162	83·84	23,259	8,982	37,438	1,633	14,084	53,155	73·57	83·38	99·45	3 10 4
November ..	11,819	3,341	53,094	17,268	14,526	84·12	22,810	9,021	36,926	1,179	13,913	52,018	71·76	80·57	95·09	3 8 7
December ..	11,810	3,381	53,063	17,438	14,723	84·43	18,855	7,410	33,793	1,236	13,002	48,031	66·01	74·56	88·31	3 3 2
1935.																
January ..	11,839	3,437	53,484	17,722	14,974	84·49	20,238	8,078	34,399	1,724	14,428	50,551	67·92	81·41	96·35	3 6 5
February ..	11,868	3,486	53,599	18,053	15,064	83·44	21,008	9,070	36,345	1,701	14,288	52,334	70·98	79·14	94·92	3 8 2
March	11,922	3,534	53,829	18,309	15,281	83·47	21,818	9,591	36,450	1,765	14,499	52,714	70·99	79·19	94·88	3 8 2
Totals ..	..	..	641,189†	200,274†	168,356	84·06	263,558	101,143	427,745	19,806	158,975	606,526	69·80	79·38	94·43	40 1 0

* Includes amounts due in previous month. † These amounts are subject to a reduction under the National Expenditure Adjustment Act and also to a further reduction in respect of rebates allowable.

Form F.

SUMMARY FOR THE YEAR ENDED 31ST MARCH, 1935, OF COLLECTIONS UNDER BRANCH OFFICES AND AGENCIES.

(NOTE.—The calculations in columns 4 and 5 and 14 and 15 have been based on the monthly equivalent of a half-yearly instalment.)

—	Number of Mortgagors under Collection.		Gross Half-yearly Instalments payable on account under Collection.		Rent payable in respect of Rental Collection.	Percentage of Rent payable to Half-yearly Instalments.	Number of Collections.		Amount of Collections.				Percentage of Collection to Half-yearly Instalments.		Percentage of Rent collected to Rent payable.	Average Annual Payment per Mortgagor in Arrear.
									Instalments.							
	Instalments.	Rentals.	Instalments.	Rentals.			Instalments.	Rentals.	Branch.	Direct.	Rentals.	Total.	Instalments.	Rentals.		
			£	£	£	Per Cent.			£	£	£	£	Per Cent.	Per Cent.	Per Cent.	£ s. d.
Auckland ..	2,746	1,722	162,386	101,449	79,446	78·31	78,200	58,955	112,420	2,473	78,016	192,909	70·75	76·90	98·20	44 5 2
Wellington ..	2,816	774	181,066	47,306	41,801	88·36	81,963	22,619	124,680	3,786	38,524	166,990	70·95	81·44	92·16	47 14 0
Christchurch ..	1,515	208	74,158	10,773	9,916	92·04	40,028	5,828	53,112	1,801	9,340	64,253	74·05	86·67	94·20	38 4 4
Agents	4,845	830	223,579	40,746	37,193	91·28	63,367	13,741	137,533	11,746	33,095	182,374	66·76	81·22	88·98	32 14 1
Totals ..	11,922	3,534	641,189*	200,274*	168,356	84·06	263,558	101,143	427,745	19,806	158,975	606,526	69·80	79·38	94·43	40 1 0

* These amounts are subject to a reduction under the National Expenditure Adjustment Act and also to a further reduction in respect of rebates allowable.

STATE ADVANCES OFFICE.

ADVANCES TO SETTLERS BRANCH.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.	£	s.	d.	£	s.	d.
Sundry loans				19,586,820	8	5
Temporary advances from—						
Public Debt Sinking Funds Branch	150,000	0	0			
Advances Office Sinking Fund Account	1,260,000	0	0			
				1,410,000	0	0
Amount held for investment on behalf of the Housing Insurance Fund				7,844	7	4
Advances Suspense Account				6,859	1	8
Fire Loss Suspense Account				11,750	16	8
Sundry creditors				2,711	16	8
Weekly rental and instalment collections held pending allocation				84,759	19	6
Income-tax Suspense Account				7,702	17	11
Interest on loans—						
Deferred	277,613	12	10			
Overdue	11,872	17	1			
Accrued but not due	139,369	1	8			
				428,855	11	7
Reserve for bad debts				285,310	0	2
Sinking Fund				2,076,620	14	5
Reserve Fund				25,000	0	0
				£23,934,235	14	4

Assets.	£	s.	d.	£	s.	d.
Investment Account—						
Advances not due	15,855,757	1	5			
Instalments of principal overdue	415,164	18	1			
Principal owing by mortgagors				16,270,921	19	6
Advances on current account				11,684	0	2
Properties acquired				2,722	3	0
Temporary investments				325,000	0	0
Temporary advances to—						
Workers Branch	2,875,000	0	0			
Rural Advances Branch	695,000	0	0			
Local Authorities Branch	285,000	0	0			
				3,855,000	0	0
Sinking Fund Investments held by Advances Office Sinking Fund Account				2,076,620	14	5
Interest on mortgages—						
Overdue	727,010	8	5			
Accrued	200,293	13	6			
				927,304	1	11
Interest on temporary investments accrued				1,175	7	5
Office furniture and equipment				7,174	11	8
Motor-vehicles				649	4	10
Sundry debtors				717	14	7
Half-yearly instalments postponed—						
Interest	27,216	17	6			
Principal	14,769	0	3			
				41,985	17	9
Securities Protection Suspense Account				5,080	9	2
Lodgment Transit Account				8,113	3	2
Realization Suspense Account				163,273	13	7
Loan Charges Account				159,549	18	9
Cash in hand and in bank at 31st March, 1935				77,262	14	5
				£23,934,235	14	4

Profit and Loss Account for the Year ended 31st March, 1935.

Dr.	£	s.	d.	£	s.	d.
To Management Expenses Account				39,100	14	3
Loss on realization of securities, and doubtful securities written down				29,021	18	9
Depreciation on—						
Furniture and equipment	377	12	2			
Motor-vehicles	175	2	8			
				552	14	10
Income-tax				7,702	17	11
Loan-flotation charges written down				21,090	0	2
				£97,468	5	11
To Balance transferred to Reserve for bad debts				7,631	9	10
				£7,631	9	10

Cr.	£	s.	d.
By Interest Account: Gross profits	97,421	11	1
Profit on sale of motor-vehicle	9	11	5
Net revenue on properties acquired	37	3	5
	£97,468	5	11
By Income-tax refunded	7,631	9	10
	£7,631	9	10

Interest Account for the Year ended 31st March, 1935.

Dr.	£	s.	d.	£	s.	d.
To Interest on loans	834,061	4	11			
Less accrued at 31st March, 1934	157,148	5	1			
				676,912	19	10
Interest on loans accrued but not due				139,369	1	8
Interest on amounts temporarily transferred from other branches				56,718	1	1
Balance: Gross profits transferred to Profit and Loss Account				97,421	11	1
				£970,421	13	8

Cr.	£	s.	d.	£	s.	d.
By Interest on mortgages	848,437	17	10			
Interest on mortgages—						
Overdue at 31st March, 1935	727,010	8	5			
Accrued but not due at 31st March, 1935	200,293	13	6			
	1,775,741	19	9			
Less overdue and accrued at 31st March, 1934	966,609	12	10			
				809,132	6	11
Interest on Current Account advances				355	0	5
Interest on temporary investments	15,912	13	8			
Less accrued at 31st March, 1934	1,175	7	5			
				14,737	6	3
Interest on outstanding payments				138	6	0
Interest on temporary advances to other branches				144,883	6	8
Interest on temporary investments (accrued)				1,175	7	5
				£970,421	13	8

ADVANCES TO SETTLERS BRANCH—*continued.*

MANAGEMENT EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1935.

Dr.	£	s.	d.
To Advertising, newspapers, &c.	10	6	3
Audit Office services	345	0	0
Cartage	12	13	1
Cleaning, lighting, heating, and messenger services	295	4	5
Commission	236	18	6
Employers' liability insurance	55	15	2
Exchange on and cost of remittances	918	13	3
Fidelity guarantee bonds	43	4	11
Management charges on New Zealand stock and bonds	1,264	19	11
Meal allowances and overtime	656	0	10
Motor maintenance	513	7	5
Office maintenance	206	10	3
Postages and telegrams	810	15	10
Post Office services	1,362	2	6
Printing and stationery	688	4	1
Public Service Superannuation Fund contribution	264	18	1
Rent	1,809	14	4
Salaries	22,850	1	2
Solicitors' costs and Court costs	2,640	3	10
Telephones	235	4	11
Travelling-expenses	132	3	11
Typewriters and adding-machines (repairs)	91	14	8
Valuation Department: Agency work	4,495	4	10
	£39,939	2	2

Cr.	£	s.	d.
By Consent fees	46	9	6
Cost of preparation of mortgages	98	0	0
Production fees	338	3	7
Release fees	352	7	11
Sundry fees	3	6	11
Balance transferred to Profit and Loss Account	39,100	14	3
	£39,939	2	2

G. E. MILLER, Superintendent.
R. ROBERTSON, Accountant.

State Advances Office, Wellington, 17th June, 1935.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, except that the amount of exchange paid in respect of the interest which has been paid in London on the loans of this account has not been charged to the account, but has been borne by the Consolidated Fund.—J. H. FOWLER, Deputy Controller and Auditor-General.

RURAL ADVANCES BRANCH.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.	£	s.	d.
Bonds issued	4,213,050	0	0
Temporary advances from Settlers Branch ..	695,000	0	0
Advances Suspense Account	172	0	0
Fire Loss Suspense Account	3,393	0	0
Income-tax Suspense Account	3,618	3	1
Sundry creditors	17	2	4
Weekly rental and instalment collections held pending allocation	18,965	6	8
Interest on loans accrued but not due ..	7,513	4	0
Reserve for bad debts	54,299	2	1
	£4,996,027	18	2

Assets.	£	s.	d.	£	s.	d.
Investment Account—						
Advances not due ..	4,405,382	12	0			
Instalments of principal overdue	61,534	13	2			
Principal owing by mortgagors ..				4,466,917	5	2
Interest on mortgages—						
Overdue	270,682	14	9			
Accrued	55,339	17	6			
				326,022	12	3
Stamp duty due under section 47 (2) of the National Expenditure Adjustment Act, 1932..				4,172	10	0
Sundry debtors				0	18	1
Half-yearly instalments postponed—	£	s.	d.			
Interest	10,401	16	1			
Principal	3,451	7	8			
				13,853	3	9
Securities Protection Suspense Account ..				596	1	7
Realization Suspense Account				15,102	1	5
Loan Charges Account				151,981	13	3
Cash in hand and in bank at 31st March, 1935 ..				17,381	12	8
				£4,996,027	18	2

Profit and Loss Account for the Year ended 31st March, 1935.

Dr.	£	s.	d.
To Management Expenses Account	10,680	10	3
Loan-flotation charges written down ..	12,665	2	8
Income-tax	3,618	3	1
	£26,963	16	0
	£	s.	d.
To Loss for the year	3,531	6	1
Balance transferred to Reserve for bad debts ..	3,475	14	3
	£7,007	0	4

Cr.	£	s.	d.
By Interest Account: Gross profits	23,432	9	11
Balance: Loss for the year	3,531	6	1
	£26,963	16	0
	£	s.	d.
By Income-tax refunded	7,007	0	4
	£7,007	0	4

Interest Account for the Year ended 31st March, 1935.

Dr.	£	s.	d.	£	s.	d.
To Interest on bonds ..	170,895	12	6			
Less accrued at 31st March, 1934 ..	7,471	4	11			
				163,424	7	7
Interest on bonds accrued but not due ..				7,513	4	0
Interest on amounts temporarily transferred from Settlers Branch				27,233	6	8
Balance: Gross profits transferred to Profit and Loss Account				23,432	9	11
				£221,603	8	2

Cr.	£	s.	d.	£	s.	d.
By Interest on mortgages ..	241,590	9	7			
Interest on mortgages—						
Overdue at 31st March, 1935	270,682	14	9			
Accrued but not due at 31st March, 1935 ..	55,339	17	6			
	567,613	1	10			
Less overdue and accrued at 31st March, 1934	346,083	7	10			
				221,529	14	0
Interest on bank balances				48	12	9
Interest on outstanding payments				25	1	5
				£221,603	8	2

Management Expenses Account for the Year ended 31st March, 1935.

Dr.	£	s.	d.
To Audit Office services	145	0	0
Cleaning, lighting, heating, and messenger services	120	0	0
Exchange on and cost of remittances	7	14	10
Postages and telegrams	169	11	8
Post Office services	205	0	0
Printing and stationery	150	0	0
Public Service Superannuation Fund contribution	65	0	0
Rent	170	0	0
Salaries	7,399	0	0
Solicitors' costs and Court costs	753	4	3
Travelling-expenses	50	0	0
Valuation Department: Agency work ..	1,500	0	0
	£10,734	10	9

Cr.	£	s.	d.
By Consent fees	1	15	0
Cost of preparation of mortgages	3	13	6
Production fees	41	17	0
Release fees	6	15	0
Balance transferred to Profit and Loss Account	10,680	10	3
	£10,734	10	9

State Advances Office, Wellington, 17th June, 1935.

G. E. Miller, Superintendent.
R. Robertson, Accountant.

I hereby certify that the Balance-sheet and the accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, except that the amount of exchange paid in respect of the interest which has been paid in London on the loans of this account has not been charged to the account, but has been borne by the Consolidated Fund.—J. H. Fowler, Deputy Controller and Auditor-General.

ADVANCES TO WORKERS BRANCH.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.	£	s.	d.	£	s.	d.
Sundry loans				12,117,444	10	4
Temporary advances from Settlers Branch				2,875,000	0	0
Liability to Railway Department (railway housing)				9,195	0	0
Advances Suspense Account				7,195	0	0
Fire Loss Suspense Account				2,052	15	0
Income-tax Suspense				1,036	4	6
Sundry creditors				13	3	9
Weekly rental and instalment collections held pending allocations				120,985	8	2
Interest on loans—						
Deferred	51,704	10	9			
Accrued but not due	105,443	12	11			
Overdue on liability to Railway Department	2,383	13	5			
				159,531	17	1
Reserve for bad debts				164,930	14	0
Sinking fund				93,828	3	11
				£15,551,212	16	9

Assets.	£	s.	d.	£	s.	d.
Investment Account—						
Advances not due	13,880,427	10	5			
Instalments of principal overdue	328,181	11	1			
Principal owing by mortgagors				14,208,609	1	6
Sinking Fund investments held by Advances Office Sinking Fund Account				93,828	3	11
Interest on mortgages—						
Overdue	800,147	6	6			
Accrued	174,728	5	9			
				974,875	12	3
Unregistered Transfers Account (Railway employees)				9,195	0	0
Motor-vehicles				1,469	7	5
Sundry debtors				66	12	10
Half-yearly instalments postponed—						
Interest	578	5	9			
Principal	299	2	1			
				877	7	10
Securities Protection Suspense Account				33,406	16	2
Realization Suspense Account				6,643	1	9
Loan Charges Account				184,446	8	9
Cash in hand and in bank at 31st March, 1935				37,795	4	4
				£15,551,212	16	9

Profit and Loss Account for the Year ended 31st March, 1935.

Dr.	£	s.	d.
To Management Expenses Account	18,644	18	8
Loss on realization of securities and doubtful securities written down	52,830	3	4
Depreciation on motor-vehicles	552	2	0
Loan-flotation charges written down	21,649	11	6
Income-tax	1,036	4	6
	£94,713	0	0
To Balance transferred to Reserve for bad debts	6,873	10	10
	£6,873	10	10

Cr.	£	s.	d.
By Interest Account: Gross profits	94,713	0	0
	£94,713	0	0
By Income-tax refunded	6,873	10	10
	£6,873	10	10

Interest Account for the Year ended 31st March, 1935.

Dr.	£	s.	d.	£	s.	d.
To Interest on loans	494,491	8	2			
Less accrued at 31st March, 1934	101,427	19	7			
				393,063	8	7
Interest on amounts temporarily transferred from Settlers Branch				116,950	0	0
Interest on railway expenditure (erection of dwellings)				255	4	5
Interest on loans accrued but not due				105,443	12	11
Balance: Gross profits transferred to Profit and Loss Account				94,713	0	0
				£710,425	5	11

Cr.	£	s.	d.	£	s.	d.
By Interest on mortgages	597,970	16	3			
Interest on mortgages—						
Overdue at 31st March, 1935	800,147	6	6			
Accrued but not due at 31st March, 1935	174,728	5	9			
	1,572,846	8	6			
Less interest overdue and accrued at 31st March, 1934	862,832	7	10			
				710,014	0	8
Interest on bank balances				87	11	3
Interest on outstanding payments				323	14	0
				£710,425	5	11

Management Expenses Account for the Year ended 31st March, 1935.

Dr.	£	s.	d.
To Audit services	225	0	0
Cleaning, lighting, heating, and messenger services	225	0	0
Commission	1,527	17	7
Exchange on and cost of remittances	57	10	4
Fidelity guarantee bonds	90	0	0
Management charges on New Zealand stock and bonds	617	7	6
Motor-vehicle maintenance	1,000	0	0
Post Office services	550	0	0
Postages and telegrams	369	6	7
Printing and stationery	300	0	0
Public Service Superannuation Fund contribution	115	0	0
Rent	600	0	0
Salaries	12,718	0	0
Solicitors' costs and Court costs	134	1	2
Travelling-expenses	75	0	0
Valuation Department: Agency work	350	0	0
	£18,954	3	2

Cr.	£	s.	d.
By Cost of preparation of mortgages	23	3	6
Production fees	131	5	0
Release fees	154	1	0
Sundry fees	0	15	0
Balance transferred to Profit and Loss Account	18,644	18	8
	£18,954	3	2

G. E. Miller, Superintendent.
R. Robertson, Accountant.

State Advances Office, Wellington, 17th June, 1935.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, except that the amount of exchange paid in respect of the interest which has been paid in London on the loans of this account has not been charged to the account, but has been borne by the Consolidated Fund.—J. H. Fowler, Deputy Controller and Auditor-General.

LOCAL AUTHORITIES BRANCH.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.	£ s. d.
Sundry loans	2,778,690 15 7
Loan-moneys: Unexpected balance under section 72, Local Bodies' Loans Act, 1926 ..	3,987 12 10
Hawke's Bay Rehabilitation: Loan-moneys received from Treasury	235,938 12 1
Temporary advances from Settlers Branch ..	285,000 0 0
Sundry creditors: Treasury (Hawke's Bay rehabilitation principal repayments)	20 0 0
Suspense Account	217 4 10
Income-tax Suspense Account	2,449 19 7
Conversion premiums, in accordance with section 13 of the Local Authorities Interest Reduction and Loan Conversion Act, 1932–33	618 12 8
Interest on loans accrued but not due ..	11,580 15 7
Sinking Fund	200,223 9 8
	£3,518,727 2 10

Assets.	£ s. d.	£ s. d.
Investment Account—		
Advances not due ..	2,883,653 10 3	
Instalments of principal overdue	6,159 9 9	
Principal owing by local bodies ..		2,889,813 0 0
Hawke's Bay rehabilitation advances ..		235,938 12 1
Sinking Fund investments held by Advances Office Sinking Fund Account		200,223 9 8
Interest on debentures—	£ s. d.	
Overdue	7,395 9 10	
Accrued	25,333 14 4	
		32,729 4 2
Interest postponed		72 13 11
Interest paid in advance		0 7 10
Loan Charges Account		24,646 12 6
Profit and Loss Account		121,125 0 5
Cash in hand and in bank at 31st March, 1935..		14,178 2 3
		£3,518,727 2 10

Profit and Loss Account for the Year ended 31st March, 1935.

Dr.	£ s. d.
To Management Expenses Account	1,745 8 10
Loan-flotation charges written down	1,116 10 4
Income-tax	2,449 19 7
Balance: Net profits for the year	5,568 5 7
	£10,880 4 4
	£ s. d.
To Balance at 31st March, 1934	127,242 12 8
	£127,242 12 8

Cr.	£ s. d.
By Interest Account: Gross profits	10,854 8 10
Annual proportion conversion premiums ..	25 15 6
	£10,880 4 4
	£ s. d.
By Income-tax refunded	549 6 8
Net profits for the year	5,568 5 7
Balance	121,125 0 5
	£127,242 12 8

Interest Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	£ s. d.
To Interest on loans	101,225 2 5	
Less accrued at 31st March, 1934	11,580 15 7	
		89,644 6 10
Interest on loans accrued but not due ..		11,580 15 7
Interest on temporary advances from Settlers Branch		700 0 0
Balance: Gross profits transferred to Profit and Loss Account		10,854 8 10
		£112,779 11 3

Cr.	£ s. d.	£ s. d.
By Interest on debentures ..	103,350 15 10	
Less overdue and accrued at 31st March, 1934 ..	29,127 12 8	
		74,223 3 2
Interest on bank balances		10 10 7
Interest on temporary advances to Settlers Branch		5,816 13 4
Interest on debentures—	£ s. d.	
Overdue at 31st March, 1935	7,395 9 10	
Accrued but not due at 31st March, 1935	25,333 14 4	
		32,729 4 2
		£112,779 11 3

Management Expenses Account for the Year ended 31st March, 1935.

Dr.	£ s. d.
To Audit Office services	50 0 0
Cleaning, lighting, heating, and messenger services	30 0 0
Management charges: New Zealand stock and bonds	149 8 10
Postages and telegrams	40 0 0
Post Office services	60 0 0
Printing and stationery	75 0 0
Public Service Superannuation Fund contribution	50 0 0
Rent	80 0 0
Salaries	1,211 0 0
	£1,745 8 10

Cr.	£ s. d.
By Balance transferred to Profit and Loss Account	1,745 8 10
	£1,745 8 10

G. E. Miller, Superintendent.
R. Robertson, Accountant.

State Advances Office, Wellington, 17th June, 1935.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, except that the amount of exchange paid in respect of the interest which has been paid in London on the loans of this account has not been charged to the account, but has been borne by the Consolidated Fund.—J. H. Fowler, Deputy Controller and Auditor-General.

PUBLIC DEBT SINKING FUNDS BRANCH.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.			£ s. d.	*Assets.*		£ s. d.
Sinking Fund created under the provisions of the Public Debt Extinction Act, 1910			3,258,955 19 4	Investment Account— Advances not due—		
Weekly rental and instalment collections held pending allocation			4,620 10 10	Settlers	1,000,306 10 10	
Suspense Account			1,119 2 8	Workers	50,749 5 2	
Interest due to Consolidated Fund in accordance with section 12 (*a*), Repayment of Public Debt Act, 1925—	£ s. d.			Local bodies	1,266,257 2 3	2,317,312 18 3
In hand at 31st March, 1935	38,026 0 9			Instalments of principal overdue—		
Overdue	42,035 17 2			Settlers	20,189 2 2	
Accrued	25,353 9 5			Workers	1,280 10 7	
			105,415 7 4	Local bodies	5,210 8 2	26,680 0 11
				Principal owing by mortgagors and local bodies		2,343,992 19 2
				Temporary advances to Settlers Branch		150,000 0 0
				Sundry debtors		105 16 4
				Half-yearly instalments postponed—	£ s. d.	
				Interest	560 13 4	
				Principal	234 12 0	795 5 4
				Interest overdue on loans to—		
				Settlers	32,670 7 6	
				Workers	822 1 1	
				Local bodies	8,543 8 7	42,035 17 2
				Interest accrued on loans to—		
				Settlers	12,729 15 7	
				Workers	645 10 7	
				Local bodies	11,978 3 3	25,353 9 5
				Realization Suspense Account		1,136 18 11
				Cash in hand and in bank at 31st March, 1935		806,690 13 10
			£3,370,111 0 2			£3,370,111 0 2

Interest Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.	£ s. d.
To Interest on investments due to Consolidated Fund in accordance with section 12 (*a*), Repayment of the Public Debt Act, 1925—		By Interest on loans to—		
Paid to Treasury	94,590 10 11	Settlers	51,666 9 6	
In hand at 31st March, 1935	38,026 0 9	Workers	2,724 4 2	
Overdue at 31st March, 1935	42,035 17 2	Local bodies	70,988 3 5	
Accrued at 31st March, 1935	25,353 9 5		125,378 17 1	
	200,005 18 3	Less overdue and accrued at 31st March, 1934	76,016 16 4	49,362 0 9
Less overdue and accrued at 31st March, 1934	76,016 16 4	Interest on bank balances		34 5 8
		Interest on temporary advances to Settlers Branch		4,576 13 4
		Interest on temporary investments		2,316 15 9
		Conversion premiums (local bodies)		303 16 2
		Interest on outstanding payments		6 3 8
		Interest overdue at 31st March, 1935, on loans to—	£ s. d.	
		Settlers	32,670 7 6	
		Workers	822 1 1	
		Local bodies	8,543 8 7	42,035 17 2
		Interest accrued at 31st March, 1935, on loans to—		
		Settlers	12,729 15 7	
		Workers	645 10 7	
		Local bodies	11,978 3 3	25,353 9 5
	£123,989 1 11			£123,989 1 11

State Advances Office, Wellington, 17th June, 1935.

G. E. Miller, Superintendent.
R. Robertson, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. Fowler, Deputy Controller and Auditor-General.

ADVANCES OFFICE SINKING FUND ACCOUNT.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.

	£ s. d.	£ s. d.
Principal received as at 31st March, 1934, with accumulated interest from—		
Settlers Branch		2,478,471 9 2
Workers Branch		298,146 3 0
Local Authorities Branch		431,983 18 9
		3,208,601 10 11
Interest earned for the year ended 31st March, 1935—		
Settlers Branch	83,514 7 2	
Workers Branch	3,773 8 10	
Local Authorities Branch ..	8,052 4 7	
		95,340 0 7
		3,303,941 11 6
Less redemption of loans—		
Settlers Branch ..	485,365 1 11	
Workers Branch ..	208,091 7 11	
Local Authorities Branch	239,812 13 8	
		933,269 3 6
Total funds as at 31st March, 1935		2,370,672 8 0
Weekly rental and instalment collections held pending allocation		3,194 2 1
Advances Suspense		50 0 0
Fire Loss Suspense		100 0 0
		£2,374,016 10 1

Assets.

	£ s. d.	£ s. d.
Investment Account—		
Advances not due—		
Settlers	743,948 9 5	
Workers	39,702 9 7	
Local bodies	271,246 10 5	
		1,054,897 9 5
Instalments of principal overdue—		
Settlers	17,737 13 5	
Workers	1,915 18 11	
Local bodies	895 11 0	
		20,549 3 4
Principal owing by mortgagors and local bodies		1,075,446 12 9
Temporary advances to Settlers Branch ..		1,260,000 0 0
Sundry debtors		425 0 4
Half-yearly instalments postponed—		
Interest	1,239 17 5	
Principal	756 15 11	
		1,996 13 4
Interest overdue on loans to—		
Settlers	19,976 11 10	
Workers	1,228 17 11	
Local bodies	1,707 8 4	
		22,912 18 1
Interest accrued on loans to—		
Settlers	8,655 9 2	
Workers	468 12 1	
Local bodies	2,215 15 0	
		11,339 16 3
Cash in hand and in bank at 31st March, 1935 ..		1,895 9 4
		£2,374,016 10 1

Interest Account for the Year ended 31st March, 1935.

Dr.

	£ s. d.
To Interest on investments, transferred to Sinking Fund Account	95,340 0 7
	£95,340 0 7

Cr.

	£ s. d.	£ s. d.
By Interest on loans to—		
Settlers	38,243 11 1	
Workers	1,947 5 0	
Local bodies	15,087 15 2	
	55,278 11 3	
Less overdue and accrued at 31st March, 1934 ..	37,496 0 7	
		17,782 10 8
Interest on bank balances		6 1 7
Interest on temporary advances to Settlers Branch		43,296 13 4
Interest on outstanding payments		2 0 8
Interest overdue at 31st March, 1935, on loans to—		
Settlers	19,976 11 10	
Workers	1,228 17 11	
Local bodies	1,707 8 4	
		22,912 18 1
Interest accrued at 31st March, 1935, on loans to—		
Settlers	8,655 9 2	
Workers	468 12 1	
Local bodies	2,215 15 0	
		11,339 16 3
		£95,340 0 7

G. E. Miller, Superintendent.
R. Robertson, Accountant.

State Advances Office, Wellington, 17th June, 1935.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. Fowler, Deputy Controller and Auditor-General.

MISCELLANEOUS BUSINESS BRANCH.—HOUSING ACCOUNT.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.

	£ s. d.	£ s. d.
Sundry loans	412,388 9 4	
Less loan liability redeemed and discharged from Consolidated Fund	19,468 9 4	
	392,920 0 0	
Less loan liability redeemed by Public Debt Repayment Account	100 0 0	392,820 0 0
Liability to Consolidated Fund in terms of section 22, Finance Act, 1926		100 0 0
Sundry creditors		7 1 0
Suspense Account		163 8 3
Insurance Fund		9,206 8 3
Interest on loans—	£ s. d.	
Overdue	5,668 15 1	
Accrued	5,129 11 6	
		10,798 6 7
Reserve for bad debts		19,880 18 11
Sinking Fund		1,537 5 6
		£434,513 8 6

Assets.

	£ s. d.	£ s. d.
Investment Account—		
Advances not due—		
Dwellings purchased ..	251,906 1 2	
Sections purchased	1,095 0 8	
Advances	126 12 2	
		253,127 14 0
Instalments of principal overdue—		
Dwellings purchased ..	6,947 0 0	
Sections purchased ..	139 2 1	
Advances	33 17 1	
		7,119 19 2
Principal owing by mortgagors		260,247 13 2
Dwellings let		30,222 10 11
Freehold land		26,494 5 2
Sinking Fund investments held by Public Debt Redemption Fund		*4,892 5 4
Insurance Fund investment held by Settlers Branch		7,844 7 4
Sundry debtors		1,105 11 0
Interest on dwellings and land—	£ s. d.	
Overdue	7,733 1 2	
Accrued	73 5 4	
		7,806 6 6
Rent overdue		2,028 5 0
Insurance premiums—		
Overdue	490 0 7	
Paid in advance	208 17 9	
		698 18 4
Realization Suspense Account		9,738 16 6
Profit and Loss Account		79,551 7 5
Cash in hand and in bank at 31st March, 1935 ..		3,883 1 10
		£434,513 8 6

* This amount includes the sum of £3,354 19s. 10d., capital paid into the Sinking Fund in accordance with the Public Debt Extinction Act, 1910.

Profit and Loss Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Management Expenses Account	1,665 5 3	By Interest Account: Gross profits	1,331 6 10
Dwellings maintenance	1,483 8 7	Balance: Loss for the year	1,817 7 0
	£3,148 13 10		£3,148 13 10

	£ s. d.		£ s. d.
To Balance as at 31st March, 1934	77,777 11 4	By Profits from loans to Employers for Workers' Dwellings Account	43 10 11
Loss for the year	1,817 7 0	Balance	79,551 7 5
	£79,594 18 4		£79,594 18 4

Interest Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	£ s. d.
To Interest on loans	13,677 8 2	
Less accrued at 31st March, 1934	5,063 4 10	
		8,614 3 4
Interest on loans accrued but not due ..		5,129 11 6
Balance: Gross profits transferred to Profit and Loss Account		1,331 6 10
		£15,075 1 8

Cr.	£ s. d.	£ s. d.
By Interest on land and dwellings	12,504 15 4	
Less overdue and accrued at 31st March, 1934 ..	7,917 2 11	
		4,587 12 5
Interest on amounts temporarily transferred to Settlers Branch		2,660 8 4
Interest on bank balances		20 14 5
Interest on dwellings and land—	£ s. d.	
Overdue at 31st March, 1935	7,733 1 2	
Accrued but not due at 31st March, 1935	73 5 4	
		7,806 6 6
		£15,075 1 8

Management Expenses Account for the Year ended 31st March, 1935.

Dr.	£ s. d.
To Audit Office services	90 0 0
Cleaning, lighting, heating, and messenger services	25 0 0
Fees paid for special services in respect of securities	51 12 0
Postages and telegrams	40 0 0
Post Office services	60 0 0
Printing and stationery	50 0 0
Public Service Superannuation Fund contribution	40 0 0
Rent	50 0 0
Salaries	1,198 0 0
Solicitors' costs	10 13 3
Valuation Department: Agency work ..	50 0 0
	£1,665 5 3

Cr.	£ s. d.
By Balance transferred to Profit and Loss Account	1,665 5 3
	£1,665 5 3

G. E. Miller, Superintendent.
R. Robertson, Accountant.

State Advances Office, Wellington, 17th June, 1935.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. Fowler, Deputy Controller and Auditor-General.

LOANS TO EMPLOYERS FOR WORKERS' DWELLINGS ACCOUNT.

STATEMENT OF LIABILITIES AND ASSETS AS AT 31ST MARCH, 1935—NIL.

The investments under this account have been repaid and the relative loan liability redeemed. The Sinking Fund and Sinking Fund investment have been transferred to Part I of the Act (Housing Account).

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Administration expenses	10 0 0	By Balance: Loss for the year	31 8 0
Balance: Interest Account	21 8 0		
	£31 8 0		£31 8 0

	£ s. d.		£ s. d.
To Loss for the year	31 8 0	By Balance as at 31st March, 1934	70 19 11
Balance—Profits transferred to Part I of the Act (Housing Account)	43 10 11	Income-tax refunded	3 19 0
	£74 18 11		£74 18 11

INTEREST ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1935.

Dr.	£ s. d.	£ s. d.	*Cr.*	£ s. d.	£ s. d.
To Interest on loans	116 5 11		By Interest on mortgages	427 17 11	
Less accrued at 31st March, 1934 ..	33 11 8	82 14 3	Less interest on mortgages overdue at 31st March, 1934	370 10 0	57 7 11
			Interest on temporary advances to Settlers Branch ..		3 18 4
			Balance—Transferred to Profit and Loss Account ..		21 8 0
		£82 14 3			£82 14 3

MANAGEMENT EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Administration expenses	10 0 0	By Balance transferred to Profit and Loss Account ..	10 0 0
	£10 0 0		£10 0 0

State Advances Office, Wellington, 17th June, 1935.

G. E. MILLER, Superintendent.
R. ROBERTSON, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. FOWLER, Deputy Controller and Auditor-General.

FISHING-INDUSTRY PROMOTION ACCOUNT.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.	£ s. d.	£ s. d.
Sundry loans	2,521 19 2	
Less loan liability redeemed and discharged from Consolidated Fund	1,036 19 2	
	1,485 0 0	
Less loan liability redeemed by Public Debt Repayment Account	1,060 0 0	
		425 0 0
Liability to Consolidated Fund in terms of section 22, Finance Act, 1926	..	1,060 0 0
Interest on loans—		
Overdue	0 10 0	
Accrued	5 10 10	
		6 0 10
Sinking Fund	..	17 17 9
		£1,508 18 7

Assets.	£ s. d.
Investment Account: Instalments of principal overdue	75 8 6
Sinking Fund investments held by Public Debt Redemption Fund	*59 1 2
Interest on bills of sale overdue	8 1 8
Sundry debtors	19 5 0
Profit and Loss Account	252 2 9
Cash in hand and in bank at 31st March, 1935 ..	1,094 19 6
	£1,508 18 7

* This amount includes the sum of £41 3s. 5d., capital paid into the Sinking Fund in accordance with the Public Debt Extinction Act, 1910.

Profit and Loss Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Management Expenses Account	15 0 0	By Balance: Loss for the year	21 0 10
Balance: Interest Account	6 0 10		
	£21 0 10		£21 0 10

Dr.	£ s. d.	*Cr.*	£ s. d.
To Balance at 31st March, 1934	238 7 2	By Income-tax: Refunded	7 5 3
Loss for the year	21 0 10	Balance	252 2 9
	£259 8 0		£259 8 0

Interest Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	£ s. d.
To Interest on loans	14 17 6	
Less accrued at 31st March, 1934 ..	5 10 10	
		9 6 8
Interest on loans accrued but not due		5 10 10
		£14 17 6

Cr.	£ s. d.	£ s. d.
By Interest on bills of sale	2 10 0	
Interest on temporary advances to Settlers Branch	8 16 8	
Interest on bills of sale overdue at 31st March, 1935	8 1 8	
	19 8 4	
Less interest on bills of sale overdue at 31st March, 1934	10 11 8	
		8 16 8
Balance transferred to Profit and Loss Account ..		6 0 10
		£14 17 6

Management Expenses Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Administration expenses	10 0 0	By Balance transferred to Profit and Loss Account ..	15 0 0
Audit Office services	5 0 0		
	£15 0 0		£15 0 0

G. E. Miller, Superintendent.
R. Robertson, Accountant.

State Advances Office, Wellington, 17th June, 1935.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. Fowler, Deputy Controller and Auditor-General.

FRUIT-PRESERVING INDUSTRY ADVANCES ACCOUNT.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.	£ s. d.	£ s. d.
Sundry loans	43,858 14 3	
Less loan liability redeemed and discharged from Consolidated Fund	6,008 14 3	
	37,850 0 0	
Less loan liability redeemed by Public Debt Repayment Account	5,000 0 0	
		32,850 0 0
Liability to Consolidated Fund in terms of section 22, Finance Act, 1926		5,000 0 0
Suspense Account		39 19 10
Income-tax Suspense Account		38 11 8
Interest on loans accrued		428 8 1
Reserve for bad debts		3,839 11 8
Sinking Fund		275 11 3
		£42,472 2 6

Assets.	£ s. d.	£ s. d.
Investment Account—		
Advances not due	23,555 6 3	
Instalments of principal overdue	4,134 4 9	
Principal owing by mortgagors		27,689 11 0
Properties acquired		4,212 8 6
Sundry debtors		6 6 0
Half-yearly instalments postponed—	£ s. d.	
Interest	299 15 0	
Principal	500 0 0	
		799 15 0
Sinking Fund investments held by Public Debt Redemption Fund		*888 8 1
Interest on mortgages—	£ s. d.	
Overdue	2,708 9 2	
Accrued	241 18 9	
		2,950 7 11
Profit and Loss Account		3,678 17 10
Cash in hand and in bank at 31st March, 1935 ..		2,246 8 2
		£42,472 2 6

* This amount includes the sum of £612 16s. 10d., capital paid into the Sinking Fund in accordance with the Public Debt Extinction Act, 1910.

Profit and Loss Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Management Expenses Account	123 12 0	By Interest Account: Gross profits	259 11 9
Income-tax	38 11 8		
Balance: Net profits for the year	97 8 1		
	£259 11 9		£259 11 9
	£ s. d.		£ s. d.
To Balance as at 31st March, 1934	3,809 6 8	By Net profits for the year	97 8 1
		Income-tax refunded	33 0 9
		Balance	3,678 17 10
	£3,809 6 8		£3,809 6 8

Interest Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	£ s. d.
To Interest on loans	1,149 15 0	
Less accrued at 31st March, 1934	428 8 1	
		721 6 11
Interest on loans accrued but not due		428 8 1
Balance: Gross profits transferred to Profit and Loss Account		259 11 9
		£1,409 6 9

Cr.	£ s. d.	£ s. d.
By Interest on mortgages	1,405 0 11	
Interest on mortgages—		
Overdue at 31st March, 1935 ..	2,708 9 2	
Accrued at 31st March, 1935 ..	241 18 9	
	4,355 8 10	
Less interest overdue and accrued at 31st March, 1934 ..	2,958 10 5	
		1,396 18 5
Interest on temporary advances to Settlers Branch		12 8 4
		£1,409 6 9

Management Expenses Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Administration expenses	118 12 0	By Balance transferred to Profit and Loss Account ..	123 12 0
Audit Office services	5 0 0		
	£123 12 0		£123 12 0

State Advances Office, Wellington, 17th June, 1935.

G. E. Miller, Superintendent.
R. Robertson, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. Fowler, Deputy Controller and Auditor-General.

COLD-STORAGE ADVANCES ACCOUNT.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.	£ s. d.	£ s. d.	*Assets.*	£ s. d.
Sundry loans	36,500 0 0		Investment Account: Advances not due ..	12,517 18 7
Less loan liability redeemed and discharged from Consolidated Fund	7,500 0 0		Sinking Fund Investments held by Public Debt Redemption Fund	*1,346 8 5
	29,000 0 0		Interest on mortgages— Overdue .. .. .. £1,203 11 4; Accrued £195 9 5	1,399 0 9
Less loan liability redeemed by Public Debt Repayment Account	1,530 0 0	27,470 0 0	Sundry debtors	33 5 0
Capital Reduction Account		7,500 0 0	Realization Suspense Account	57 10 10
Liability to Consolidated Fund in terms of section 22, Finance Act, 1926		1,530 0 0	Profit and Loss Account	13,986 4 8
Interest on loans accrued		197 11 3	Cash in hand and in bank at 31st March, 1935 ..	8,234 7 7
Reserve for bad debts		119 7 3		
Sinking Fund		757 17 4		
		£37,574 15 10		£37,574 15 10

* This amount includes the sum of £588 11s. 1d., capital paid into the Sinking Fund in accordance with the Public Debt Extinction Act, 1910.

Profit and Loss Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Management Expenses Account	115 0 0	By Balance: Loss for the year	368 8 7
Balance: Interest account	253 8 7		
	£368 8 7		£368 8 7
To Balance as at 31st March, 1934	13,622 10 9	By Income-tax refunded	4 14 8
Loss for the year	368 8 7	Balance	13,986 4 8
	£13,990 19 4		£13,990 19 4

Interest Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	£ s. d.	*Cr.*	£ s. d.	£ s. d.
To Interest on loans	961 9 0		By Interest on mortgages	776 17 6	
Less accrued at 31st March, 1934 ..	197 11 3	763 17 9	Interest on mortgages—		
Interest on loans accrued but not due ..		197 11 3	Overdue at 31st March, 1935 ..	1,203 11 4	
			Accrued at 31st March, 1935 ..	195 9 5	
				2,175 18 3	
			Less overdue and accrued at 31st March, 1934	1,508 12 10	667 5 5
			Interest on temporary advances to Settlers Branch		40 15 0
			Balance transferred to Profit and Loss Account ..		253 8 7
		£961 9 0			£961 9 0

Management Expenses Account for the Year ended 31st March, 1935.

Dr.	£ s. d.	*Cr.*	£ s. d.
To Administration expenses	110 0 0	By Balance transferred to Profit and Loss Account ..	115 0 0
Audit Office services	5 0 0		
	£115 0 0		£115 0 0

G. E. Miller, Superintendent.
R. Robertson, Accountant.

State Advances Office, Wellington, 17th June, 1935.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. Fowler, Deputy Controller and Auditor-General.

REPATRIATION.

Statement of Liabilities and Assets as at 31st March, 1935.

Liabilities.

	£	s.	d.	£	s.	d.
Liability to Redemption Account as at 1st April, 1925				1,290,182	2	1
Less repayments to 31st March, 1935				189,103	2	11
				1,101,078	19	2
Less expenditure irrecoverable to 31st March, 1934	910,083	9	9			
Losses on realization for the year ended 31st March, 1935	1,772	2	0			
Management Expenses Account for the year ended 31st March, 1935	1,012	16	5			
				912,868	8	2
Liability to Redemption Account as at 31st March, 1935				188,210	11	0
Sundry creditors, Treasury—						
Interest	305	3	0			
Principal	600	6	10			
				905	9	10
Suspense Account				54	5	7
Interest on advances from War Expenses Account overdue				4,482	12	11
				£193,652	19	4

Assets.

	£	s.	d.	£	s.	d.
Investment Account: Principal owing on bills of sale	188,356	3	4			
Less Suspense adjustments	145	12	4			
				188,210	11	0
Interest on bills of sale overdue				4,482	12	11
Cash in hand and in bank at 31st March, 1935				959	15	5
				£193,652	19	4

Interest Account for the Year ended 31st March, 1935.

Dr.

	£	s.	d.
To Interest paid to Treasury	493	11	9
Interest in hand due to Treasury at 31st March, 1935	305	3	0
Interest due to Treasury overdue at 31st March, 1935	4,482	12	11
	5,281	7	8
Less interest due to Treasury overdue at 31st March, 1934	4,697	6	3
	£584	1	5

Cr.

	£	s.	d.	£	s.	d.
By Interest on bills of sale	836	1	5			
Interest on bills of sale overdue at 31st March, 1935	4,482	12	11			
	5,318	14	4			
Less overdue at 31st March, 1934	4,697	6	3			
	621	8	1			
Less realizations: Interest	49	12	2			
				571	15	11
Interest on bank balances				12	5	6
				£584	1	5

Management Expenses Account for the Year ended 31st March, 1935.

Dr.

	£	s.	d.
To Audit Office services	30	0	0
Cleaning and messenger services	35	0	0
Commission	32	0	2
Contingencies	0	9	11
Postages and telegrams	80	0	0
Post Office services	115	0	0
Printing and stationery	25	0	0
Rent	90	0	0
Salaries	580	0	0
Solicitors' costs	25	6	4
	£1,012	16	5

Cr.

	£	s.	d.
By Balance recouped in accordance with section 13 (3), State Advances Amendment Act, 1922	1,012	16	5
	£1,012	16	5

State Advances Office, Wellington, 17th June, 1935.

G. E. Miller, Superintendent.
R. Robertson, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. H. Fowler, Deputy Controller and Auditor-General.

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