

ACCOUNTS FOR 1936-37.

Turning now to the accounts for the year, it is appropriate that I should give a short commentary on various aspects of the year's work.

17. *Arrears of Instalments*.—The movement of arrears since the 1st August, 1935 (the date on which the Corporation assumed control), can readily be seen from the following table :—

	(a)	(b)	(c)
	Book Value of Arrears.	Capitalizations effected during the Year.	Arrears if Capitalization had not been effected.
	£	£	£
1st August, 1935	2,552,405	..	2,552,405
31st March, 1936	2,487,065	256,687	2,743,752
31st March, 1937	2,039,676	408,860	2,705,223

As explained in the previous year's report, there was an annual increase in arrears of instalments of principal and interest since 1932, and the position up to date (including the eight months' period ending on 31st March, 1936) may be summarized as follows :—

Increase in arrears outstanding—	£	£
1931-32	642,184	1934-35 207,671
1932-33	559,210	31st March, 1936 191,347
1933-34	508,132	1936-37 (Reduction) 38,529

The above figures do not take into account capitalization of arrears of interest in process of adjustment of mortgages under section 39 of the State Advances Corporation Act, 1934-35, nor has the position been affected to any extent by the operation of the Mortgagors and Lessees Rehabilitation Act, 1936, as adjustments under the last-mentioned legislation had not come to charge within the year.

As will be seen from the figures, the position shows a marked improvement in that whereas arrears for the period ended 31st March, 1936, increased by £191,347 the year just closed shows a reduction of £38,529, or a gross improvement in twelve months of £229,876.

It should be mentioned that the above figures apply only to mortgages transferred from the State Advances Office. The figures in respect of discharged soldiers' settlement mortgages, the transfer of which was not completed until the 31st March, 1937, will be included in next year's report.

18. *Interest due and received*.—Interest due in respect of mortgage securities transferred from the State Advances Office for the period from the 1st August, 1935, to the 31st March, 1937, as compared with the years ended 31st March, 1934, 1935, and 1936, and the cash received for those periods is shown hereunder :—

	Net Interest due.	Interest received.	Shortage.	Percentage of Receipts to Net Interest due.
	£	£	£	Per Cent.
1933-34	1,966,127	1,562,707	403,420	79·48
1934-35	1,913,611	1,711,446	202,165	89·43
8 months, 1st August, 1935, to 31st March, 1936	1,200,879	1,142,947	57,932	95·16
1936-37	1,733,047	1,665,559	67,488	96·11

At first glance it would appear that the cash shortage of receipts over interest due has increased from £57,932 as at 31st March, 1936, to £67,488 for the current year, but it should be emphasized that the 1936 figure was for a period of eight months only. If this is converted into a twelve months' figure it will be found that the shortage has actually decreased from £86,898 (on a *pro rata* basis) to £67,488.