Balance-sheet as at 31st March, 1936.

Liabilities.

	£	s.	d.	£	s.	d.
*Share capital—						
Authorized capital ..	1,000,000	0	0			
Less uncalled	750,000	0	0			
Capital paid up	250,000	0	0			
Calls paid in advance ..	171,644	12	6			
				421,644	12	6
Stock and debentures and accrued interest	..			30,600,004	13	5
Contingent liability to the Crown	..			8,927,521	11	8
Reserves—						
General Reserve ..	2,956,472	16	5			
Reserves for losses on investments	5,000	0	0			
Investment Fluctuation Reserve	10,000	0	0			
				2,971,472	16	5
Staff Superannuation Fund ..	..			25,392	18	11
Sundry creditors	..			122,136	6	4
Liability to the Crown—						
Balance of net income ..	217,996	6	11			
Less interim payment ..	75,000	0	0			
	142,996	6	11			
Balance of interest on contribution to General Reserve	6,821	2	0			
				149,817	8	11
				£43,217,990	8	2

Assets.

	£	s.	d.	£	s.	d.
Mortgages and accrued interest				39,062,498	5	10
Advances on Current Account and accrued interest				12,742	5	10
Government and local-body securities and accrued interest				3,038,227	5	4
Fixed assets at cost, less provision for depreciation—						
Office furniture and motor-vehicles ..				10,351	17	8
Current assets—						
Sundry debtors	5,182	18	4			
Fixed deposits with trading banks and accrued interest	954,187	17	6			
Lodgments in transit and cash in bank and on hand ..	75,102	4				
				1,034,472	19	10
Realization Suspense Account—Losses chargeable to Contingent Liability Account when defined				59,697	13	8
				£43,217,990	8	2

* In terms of State Advances Corporation Act, 1936, the whole of share capital was acquired by the New Zealand Government, and is now fully paid up.

General Reserve Fund.

At the commencement of the Corporation's lending-operations in September, 1935, this Fund stood at £2,750,010, increased to £2,956,472 as above. At the 27th November, 1936, the Fund had increased to £3,196,594. The whole of this sum is invested in sound local-body securities in the Dominion.

Business transacted.

Up to 31st December, 1936, the aggregate amount of applications received by the Corporation was £13,258,333, made up of—

	Number.	£
Residential	6,238	4,709,550
Farms	4,272	8,548,783
	10,510	13,258,333

Arising from these applications loans have been granted as under:—

	Number.	£
Residential	3,333	2,225,668
Farms	1,628	3,870,270
	4,961	6,095,938

Applications still under action total 1,503, amounting to £1,564,642, and the number declined or postponed for future consideration is 4,046, representing a total sum of £5,597,753.

Profits.

Section 41 of the State Advances Corporation Act, 1936, provides as follows: "After such provision as the Minister of Finance thinks proper has been made for the depreciation of securities or other assets and for such other matters as in his opinion are necessary for the efficient conduct of the business of the Corporation, the surplus for each financial year shall be paid into the Public Account, unless the Minister, in his discretion, authorizes the Board to credit it, in whole or in part, to the General Reserve Fund of the Corporation."

Reference to the Profit and Loss Account figures furnished earlier in this report shows that, after meeting the interest charges on Stock and Debentures and paying working-expenses, the net profit available at the close of the last financial year was approximately £342,000. After providing reserves for income-tax and investment fluctuation the balance is payable to the Crown on account of the contingent liability of £8,927,000, which ranks second to the claims of the holders of Stock and Debentures issued by the Corporation.

Wellington.

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