The capital outstanding on mortgage accounts is £50,790,020, including the current account advances referred to above. The average loans on respective classes of securities are as follows:—

	£
Residential	587
Rural	1,145
Current account	478

The cash position at the end of the year was satisfactory, having regard to the loan commitments outstanding.

Tabulated statement of profits and percentages appears hereunder:—

Disposition and Appropriation of Profits for Year ending 31st March, 1938.		Percentage per Annum of the Stock Issue plus Capital.	Percentage of Gross Earnings.	Percentage of Gross Profits.
	£	£ s. d.		
Gross earnings	2,433,100	5·713 (5 14 3)	100·000	
Less capital charges: Interest	1,532,801	3·599 (3 12 0)	62·998	
Gross profits	900,299	2·114 (2 2 3)	37·002	
			100·000	
Less management expenses and depreciation of fixed assets	212,185	0·498 (0 9 11)	8·721	23·568
	688,114			
Reserve for losses (ex State and Corporation)	106,000	0·249 (0 5 0)	4·357	11·774
Surplus for year ended 31st March, 1938, due to the Crown	582,114	1·367 (1 7 4)	23·924	64·658
		2·114 (2 2 3)	37·002	100·000
Add excess income-tax provision for 1936–37	3,937			
	£586,051			

21. *Staff.*—Following the transfer of the balance of the discharged soldiers settlement loans to the Corporation towards the end of last year and the establishment of branch offices, it was found that further staff was needed to complete the organization both at Head Office and at the District Offices.

Another matter which has caused some difficulty in providing the necessary personnel at the various centres has been the acceleration of the mortgage-adjustment work by the Court of Review and the Adjustment Commissions. When additional Commissions were appointed the Corporation was required to allocate more officers to this branch of the work to obviate delay in presenting the Corporation's cases when the Adjustment Commissions' programmes had been arranged.

There has also been a need for the appointment of additional Property Supervisors to cope with the new business activities arising from the extension of the special-loan policy.

Owing to the various changes and extensions in the Corporation's work it has been necessary to call upon the staff to give some additional time, beyond the normal working-hours, to ensure that prompt attention was given to the special work that has arisen during the past financial year. The Board is fully appreciative of the loyal co-operation and willing service given by the administration officers and all sections of the office and field staff.

A. D. PARK, Chairman of Directors.
T. N. SMALLWOOD, Deputy Chairman of Directors.
G. A. LEWIN }
B. C. ASHWIN } Directors.