

Revenue Accounts. The adjustment of mortgage accounts as outlined above, and the improvement in prices for farm-produce during recent years, has naturally had a beneficial effect on the financial position of the Corporation's mortgagors, and it is pleasing to report that the payment of instalments during the past financial year has shown a still further improvement. It is estimated that the amount received on account of interest due to the Corporation represents approximately 99 per cent. of the amount due. The majority of mortgagors have also been able to meet the principal instalments due under their mortgages, and the funds received from this source have thus been available for the making of further investments on new loans. Interest on mortgages, current accounts, and other investments for the past year, amounting to £2,279,665 4s. 8d., shows a comparatively small increase over the previous year's return of £2,250,102 13s. 6d., which is consistent with the balance-sheet position *i.e.*, the loans outstanding at the end of 1939 and 1940 are approximately equal. The Corporation's annual commitments on account of interest payable on borrowed funds necessitate the accumulation of substantial funds to meet the instalments on half-yearly due dates, and during the past year the Board found satisfactory temporary investments for a considerable proportion of these funds, the interest return from this source for the year being approximately £13,000.

The interest payable on the Corporation's stock and debentures is increased owing to the issue of additional debentures. The gross profit, which amounts to £798,379 3s. 10d., is approximately £20,700 lower than last year's balance. After providing for management expenses, which are on a normal basis, and setting aside a sum of £40,000 as a further reserve against losses on new business, the net profit is £500,207 10s. 10d. From the amount thus appropriated provision has been made for a £50,000 reserve to cover income-tax and social-security tax in respect of the past year. It should be here explained that the Corporation's taxable income for the years 1938-39 and 1939-40 was arrived at after deducting the losses written off during the past two years, arising mainly from adjustments made under the Mortgagors and Lessees Rehabilitation Act, which amounted to the substantial sum of £1,612,922, and this has resulted in the amount payable for tax being reduced to a comparatively small figure.

A statement showing the disposition of profits for the past year is appended. From this it will be observed that the amount of the net surplus payable to the Treasury is £450,207. This represents a return of 4·16 per cent. on the Authorized Capital and Contingent Liability Account:

Disposition and Appropriation of Profits for the Year ended 31st March, 1940.				Percentage per Annun. of the Stock Issue* plus Capital.	Percentage of Gross Earnings.	Percentage of Gross Profits.
	£		£ s. d.			
Gross earnings	2,436,562		5·390 (5 7 10)	100·000		
Less capital charges: Interest	1,638,158		3·621 (3 12 6)	67·232		
Gross profits	798,404		1·766 (1 15 4)	32·768		
					100·000	
Less management expenses and depreciation on fixed assets	258,197		0·571 (0 11 5)	10·597		32·339
	540,207					
Reserves for losses	40,000		0·088 (0 1 9)	1·642		5·010
Surplus, year ended 31st March, 1940	500,207		1·107 (1 2 2)	20·529		62·651
			1·766 (1 15 4)	32·768		100·000
Less Income and Social Security Tax Reserve	50,000					
Amount due to Treasury	£450,207					

* Stock issued as at 31st March, 1940.