

1945
NEW ZEALAND

STATE ADVANCES CORPORATION OF NEW ZEALAND

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1945

Laid before both Houses of the General Assembly of New Zealand pursuant to Subsection (2) of Section 43 of the State Advances Corporation Act, 1934-35, and Subsection (2) of Section 42 of the State Advances Corporation Act, 1936.

The Hon. the MINISTER OF FINANCE, Wellington.

WE have pleasure in submitting the Balance-sheet and Revenue Accounts for the year ended 31st March, 1945, together with a report on the administration for the year, as required by subsection (1) of section 43 of the State Advances Corporation Act, 1934-35.

PART I.—GENERAL

1. In the early years of the war the Board decided, as a matter of wartime policy, to restrict its lending activities by discontinuing the granting of loans for the sole purpose of enabling applicants to refinance existing mortgages held by private lenders or other lending institutions. This step was taken for two main reasons—firstly, with a view to conserving and building up funds to meet the inevitable post-war demands for rehabilitation purposes, and secondly, for the purpose of assisting to some extent the wartime stabilization policy by taking no action which would tend to increase the volume of money in the hands of other investors, for which an alternative outlet would need to be found if the Corporation provided funds for the repayment of existing private mortgages. The result of this policy has been reflected in a gradual reduction in the mortgage assets of the Corporation by close on £7,000,000, as shown by the following table :—

Year ended 31st March,	Principal Outstanding. £
1938	46,988,331
1939	47,440,875
1940	47,288,078
1941	45,667,628
1942	44,238,018
1943	42,027,142
1944	40,252,311
1945	40,294,980

The Board confined its new lending to the provision of finance for those who were desirous of purchasing farm properties, developing farm properties with a view to increased production, and purchasing or erecting houses. Added facilities under the special loans scheme for those who required assistance beyond the usual lending for the erection of homes were also provided as in the past. The latter function has always been in the forefront of Corporation policy, although during the war years, with the diversion of men and materials to purposes connected with the war, the demand for loans for home building was inevitably very much reduced. The gradual reduction in the volume of mortgage assets held by the Corporation resulted in a corresponding accumulation of liquid cash which was made available to the

Treasury, mainly on a short-term basis, until such time as funds were required for loan purposes. The total amount of the accumulated funds so invested as at 31st March, 1945, was £5,610,000. It may be said, however, that while it has not as yet been necessary to draw on these accumulated funds in connection with the lending programme of the Corporation, nevertheless the time is not far distant when the demand for loans, particularly in respect of the rehabilitation of ex-servicemen, will necessitate a gradual liquidation of the Government securities held by the Corporation. An upward trend in the mortgage assets has become evident this year for the first time since 1939, and it is safe to say that this trend will be accentuated over the years immediately ahead. Indeed, the time may not be far distant when it will be necessary to raise additional loan-moneys either as part of a direct Government issue, or as a separate issue by the Corporation. Since the commencement of its lending operations the Corporation has consistently aimed at providing a service to its borrowers by stabilizing their finances over a long term on an amortization basis. On farm securities loans are repayable over terms of forty years or even longer in appropriate cases, while on new dwellings the usual term is thirty years. The Board feels that this policy, which has many advantages for the borrower, should be continued, but to be fully effective over a long term of years the terms of lending by the Corporation must be co-ordinated with the terms on which the Corporation borrows. Accordingly, when the time comes to raise additional funds, the Board will explore every avenue with a view to raising those funds on a basis consistent with its long-term lending policy.

2. *Interest Rate.*—The normal lending rate for new business, exclusive of rehabilitation loans to ex-servicemen, is being maintained at 4½ per cent., the rate which has operated for some years. Loans to ex-servicemen under the rehabilitation scheme are, however, granted on a lower interest rate as a special Government concession, and the difference between the concession rate, which is 3 per cent., and the Corporation's normal lending rate of 4½ per cent. is recovered from the Treasury.

3. *Loan Business under Administration.*—The following summary shows the class of business under administration at the close of the year :—

	Number.	Amount.
(a) Loans on mortgage—		£
(i) Rural securities	17,786	21,931,793
(ii) Urban securities	36,326	21,961,754
(b) Government and local-body investments	1,993	10,449,930
(c) State rental properties: 18,381 tenancies, representing a capital value of £23,343,257.		
(NOTE.—These properties are assets of the Housing Account, which is the subject of a separate statement in Part II of this report.)		
(d) Government agencies for Treasury and other Departments, excluding rehabilitation loans, representing 1,308 accounts for a total sum of £375,787.		
(e) Administration work in connection with the soldiers' financial assistance grants for the past year, numbering 1,285 and representing commitments totalling £127,506. In addition, some 5,108 cases of previous grants were reviewed. Total authorizations to 31st March, 1945, were £867,663.		
(f) Rehabilitation loans—administration of loans granted to ex-servicemen of the present war by the Rehabilitation Loans Committee: Loans granted to date: Number, 10,910; amount, £6,507,574.		

4. *New Business*—The great majority of loans granted during the year have been in favour of returned servicemen under the rehabilitation scheme, but the following statement shows the total in respect of all classes of applicants :—

Class of Business.	Number.	Amount.
Urban—		£
Purchase, &c.	1,535	1,323,808
Erection	1,070	1,254,810
Rural	553	1,708,609
Total.. .. .	3,158	£4,287,227

It is pleasing to record that the year under review has shown an upward trend in applications for loans for the erection of houses, and it is expected that when the supply of materials and the man-power position has further improved, more and more borrowers, especially in the ex-servicemen class, will elect to build houses

in preference to buying existing houses. The Board will continue to give every encouragement to those applicants desirous of building their own homes, by providing a wide range of plans and specifications and by helpful advice and assistance to the limit of its powers.

5. *Financing Increased Production.*—As in the earlier years of the war, the Corporation has continued to give assistance in connection with special schemes for increased production with a view to providing additional food for the Armed Forces overseas and for the people of Great Britain. There was, however, no special development to report during the year.

6. *Soldiers' Financial Assistance.*—The administration work of the Soldiers' Financial Assistance Board, which was set up by the Government early in 1940 in order to consider applications from soldiers and their dependants who, by reason of their military service, were unable to meet their normal and reasonable financial commitments, continues to be carried out by the Corporation. During the period immediately following the entry of Japan into the war a considerable volume of work was involved, but it is fortunate, in view of the marked increase in the work of the Corporation in other directions during the past year, that the number of applications for soldiers' financial assistance has been rapidly declining, as is shown by the statement hereunder :—

					Number.	Grant. £
1940-41	..	..	..	..	2,815	43,092
1941-42	..	..	..	..	3,375	149,081
1942-43	..	..	..	..	11,877	350,205
1943-44	..	..	..	..	3,427	197,779
1944-45	..	..	..	..	1,285	127,506
Total	..	..	..	..	22,779	£867,663

It is, however, still necessary to review current grants from time to time, usually annually, and during the year under review some 5,108 cases were dealt with in this way by the Board. In the previous year the number of grants brought under review was 8,639, so that in this field also there has been a substantial reduction. The number of grants current as at 31st March, 1945, was 3,479. The payments made under the authority of the Soldiers' Financial Assistance Board are met by the Treasury from the War Expenses Account.

7. *Rehabilitation Agency.*—The Corporation continues to act as the agent of the Rehabilitation Board in the consideration and administration of loans for the rehabilitation of ex-servicemen. As has already been said, the main bulk of the new lending business during the past year comes under the category of rehabilitation. The funds required to meet loans to ex-servicemen under the rehabilitation scheme on dwelling and farm properties have so far been provided by the Corporation from moneys accumulated during the war years for this purpose. In respect of other types of rehabilitation loans, such as for businesses, the purchase of furniture and tools of trade, the funds are provided from the War Expenses Account, but such loans are also administered by the Corporation on an agency basis. The following table shows the total number and amount of all rehabilitation loans granted from the inception of the scheme up to 31st March, 1945 :—

				For Year 1944-45.		Total to Date.	
				Number.	Amount. £	Number.	Amount. £
Farm	..	..	..	479	1,612,568	734	2,374,142
House—							
Purchase	..	..	..	1,272	1,145,042	2,018	1,886,872
Erection	..	..	..	660	792,585	782	940,450
Supplementary	..	..	..	(1,250)	205,888	(1,285)	210,128
Business	..	..	..	947	433,733	1,295	564,854
Furniture	..	..	..	3,566	327,865	5,589	509,713
Tools of Trade	..	..	..	282	8,729	433	12,908
Miscellaneous	..	..	..	57	8,424	59	8,507
Total	..	..	..	7,263	£4,534,834	10,910	£6,507,574

It became evident during the year under review that a measure of decentralization would be necessary in respect of rehabilitation activities, and it was decided by the Rehabilitation Board to set up local District Executive Committees in each Branch district of the Corporation. These Committees consist of—

A local representative of the State Advances Corporation.

A representative of the Minister of Rehabilitation.

A representative of the Rehabilitation Committees at present established in the respective districts appointed by the Minister of Rehabilitation.

The administrative work in connection with the Committees is carried out by the local Branch of the Corporation. It should be mentioned in passing that all District Executive Committee decisions granting assistance require to be unanimous, and failing this, they are referred to the Rehabilitation Loans Committee for consideration and direction. The District Executive Committees have not the power to refuse the granting of financial assistance without confirmation by the Rehabilitation Loans Committee.

It is appropriate to mention here that a considerable volume of unproductive work is involved in connection with rehabilitation loans, and it is becoming apparent that the margin between the rate payable by the Corporation on its present funds and the lending rate is not sufficient to cover the largely increased administration expenses involved in connection with loans up to in many cases 100 per cent. of the valuation of the security available. It goes without saying that the smaller the margin of security the greater is the cost of administration, because the after-care service required once a loan has been granted is more onerous. A reference to the accounts for the year will show that administration expenses in respect of rehabilitation advances from the War Expenses Account (business, tools of trade, and furniture loans) has totalled £30,207. This is apart altogether from the additional administrative work referred to above in connection with loans on farms and dwellings. In the past the Corporation has carried the charge for administration expenses in respect of loans from the War Expenses Account, but the time has now been reached when these charges will need to be recouped from the Treasury. The charges are directly attributable to the granting of these miscellaneous loans, which are administered purely on an agency basis, and the fact that the expenditure has been carried by the Corporation has resulted in a reduction in the net profit payable by the Corporation to the Treasury.

8. *Preservation and Protection of Timber.*—The work of local authorities under the Termites Act, 1940, has been adversely affected by the man-power position, but, nevertheless, the total number of investigations carried out by local authorities in whose districts termites are known to exist is 13,453. The technical staff of the Corporation has continued to give advice and assistance to those engaged in the practical work of tracing termite infestation, and the treatment of infested properties by the Corporation is still proceeding satisfactorily. It can be said that the termite menace has become less alarming, and the small number of new infestations in Auckland and New Plymouth districts is evidence of the effectiveness of the steps taken since the passing of the Termites Act, 1940. The following statement shows the number of cases where active colonies of termites have been discovered since the passing of the legislation :—

Auckland City Council. . . . .	..	..	..	..	..	244
Onchunga Borough Council . . . . .	..	..	..	..	..	111
Mount Roskill Road Board . . . . .	..	..	..	..	..	21
Mount Eden Borough Council . . . . .	..	..	..	..	..	4
Mount Albert Borough Council . . . . .	..	..	..	..	..	4
One Tree Hill Borough Council . . . . .	..	..	..	..	..	2
New Plymouth Borough Council . . . . .	..	..	..	..	..	18
Waikohu County Council . . . . .	..	..	..	..	..	17
						<hr/> 421 <hr/>

In order that our native non-heart timbers might be used with safety on a wider scale, the Corporation has for some years past adopted the use of wood-preservatives in conjunction with kiln-drying. Subsequent to kiln-drying, the

timber is immersed in a chemical and oil solution which has the effect of sealing the timber and preventing attack by fungus and wood-boring insects. Nearly 2,000,000 ft. of matai and rimu weatherboarding and flooring has been treated in this way. The immersion process, however, has its limitations, and the Corporation, in conjunction with other interests, is carrying out extensive experimental work, using pressure treatment together with a water-soluble wood-preservative. Both native and exotic timbers are being tested under treatment, and while at present the results are incomplete, the indications are that the method of preservative pressure impregnation should give good results and assist in the wider utilization of our non-heart and exotic timbers.

9. *Balance-sheet.*—There is no substantial change in either the assets or the liabilities which requires particular comment. It is pleasing to record that there has been a comparatively small proportion of borrowers who have failed to meet their mortgage instalments in full, but in view of the generally high level of prosperity of all sections of the community, this result was to be expected.

10. *Revenue Accounts.*—There has been a reduction of £15,712 in the profits payable to the Treasury as compared with the results in the previous year. This is mainly due to the substantial increase in the charge against the Profit and Loss Account in respect of administration of rehabilitation advances from the War Expenses Account, and to an increase in the item “Management expenses.” Both these trends have been commented upon earlier in this report. No allocation has been made this year for reserve of losses on new business, but an additional amount of £20,000 has been set aside in respect of mortgage assets taken over from the State Advances Office.

War-damage insurance at £9,026, as compared with £46,153 in the previous year, reflects the reduction following the decision of the Government to reduce the premium from 5s. per cent. to 1s. per cent.

The net profit of £157,059 is £9,288 greater than that shown for the year ended 31st March, 1944, but provision for taxation absorbs £152,000.

The net balance in the Appropriation Account is £5,059, available for payment to the Treasury.

11. *Staff.*—A large proportion of the male staff of the Corporation, both clerical and field officers, is still absent in the Armed Forces or engaged on other war work, although numbers of our men have returned to duty after war service. Shortage of staff has created many difficulties, but in view of the heavy demands made on the Corporation, particularly during the past year, in respect of rehabilitation activities, the Board feels that it can claim that satisfactory service has been rendered to all borrowers. The Board desires to express its appreciation to administrative officers and to the whole of the personnel throughout the Dominion for their willing co-operation and loyal service.

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

REVENUE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1945

<i>Interest Account</i>			
<i>Dr.</i>	£	<i>Cr.</i>	
Interest on stock and debentures	1,612,260	Interest on mortgages and current accounts ..	1,78
Interest on General Reserve Fund investments—		Interest concessions on rehabilitation advances: Paid	3
Payable on State's contribution	106,330	from War Expenses Account	36
Credited to General Reserve Fund	43,212	Interest on Government and local-body securities and	
Gross profit transferred to Profit and Loss Account ..	427,756	on temporary investments	£2,18
	<u>£2,189,558</u>		

<i>Profit and Loss Account</i>			
<i>Dr.</i>	£	<i>Cr.</i>	
Management expenses	212,416	Gross profit, transferred from Interest Account ..	42
Administration of rehabilitation advances from War			£
Expenses Account (business, tools of trade, furniture,		Rentals: Properties acquired	1,357
and miscellaneous loans)	30,207	Less miscellaneous expenses thereon	405
War-damage insurance	9,026		
Reserve for losses: Ex-State	20,000		
Net profit, transferred to Appropriation Account ..	157,059		
	<u>£428,708</u>		<u>£42</u>

<i>Profit and Loss Appropriation Account</i>			
<i>Dr.</i>	£	<i>Cr.</i>	
Reserve for taxes	152,000	Net profit, transferred from Profit and Loss Account ..	15
Balance: profits payable to Treasury	5,059		
	<u>£157,059</u>		<u>£15</u>

BALANCE-SHEET AS AT 31ST MARCH, 1945

<i>Liabilities</i>		£	<i>Assets</i>		
Authorized capital		1,000,000	Mortgages and accrued interest		43,99
	£		Securities in course of realization		23
Stock and debentures	47,722,590		Advances on current account and accrued interest ..		23
Accrued interest	254,700		Government and local-body securities and accrued		
		47,977,290	interest		10,52
General Reserve, including (a) £2,753,164 repayable to			Office furniture, equipment, and motor-vehicles, at		
the State under section 35 of the State Advances			cost, less depreciation		1
Corporation Act, 1934 35; (b) contribution from			Current assets—		£
War Expenses Account of £73,316 in respect of re-			Sundry debtors	104,746	
habilitation advances		3,949,079	Temporary investments, including accrued		
Specific reserves—			interest	400,830	
Reserve for losses—	£		Lodgments in transit, cash in bank and on		
Ex-State	2,301,365		hand	486,067	99
New business	279,745				
Investment Fluctuation Reserve	120,000				
Reserve for taxes	152,798				
		2,853,908			
Sundry creditors		107,267			
Liability to the Crown—					
Surplus for year	5,059				
Interest payable on State's contribution					
to General Reserve	106,330				
		111,389			
		<u>£55,998,933</u>			<u>£55,99</u>

W. G. DENT, B.Com., A.R.A.N.Z., for Chief Accountant.

A. D. PARK, F.I.A.N.Z., F.R.A.N.Z. } Managing Directors
T. N. SMALLWOOD }

In accordance with the provisions of the State Advances Corporation Act, 1936, we report that we obtained all the information and explanations we have required in respect of the accounts of the Corporation examined by us and in respect of the above Balance-sheet, which, in our opinion, is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

Wellington, N.Z., 30th May, 1945.

R. C. BURGESS, F.P.A.N.Z. } Auditors
G. D. STEWART, F.P.A.N.Z. }

PART II.—HOUSING ACCOUNT

1. *Scope of Administration.*—The Corporation is concerned only with the administration of State rental houses, flats, and shops from the date of handing over of completed units by the Construction Branch of the Ministry of Works. The funds in the Housing Account are entirely separate from the funds of the Corporation, and the Balance-sheet and Revenue Accounts appended hereto show the result of the year's administration.

2. The demand for State rental accommodation continues to increase, but this is to be expected, because of the fact that during the years of the war the number of new State rental houses becoming available for occupation was necessarily restricted. There is a huge unsatisfied demand for these State rental units, and each unsatisfied applicant means an increase in the administration work, due to the frequent inquiries and additional correspondence involved. The task of the Allocation Committees at the Branch offices of the Corporation in considering the relative urgency of the numerous applications is an unenviable one. No difficulty is experienced in letting houses in any part of the Dominion, and as the number of applicants still awaiting houses continues to grow, there does not seem to be even a remote possibility that all houses, almost wherever they are situated, will not be occupied on completion. The number of new houses and flats taken over from the inception of the scheme to 31st March, 1945, was 17,351, and there were 38,388 applicants unsatisfied at the same date. From these figures it will be seen that, despite the accelerated building programme of the Government, there will be difficulty in satisfying the whole of the urgent cases for some considerable time.

Qualified returned servicemen will continue to receive preference to the extent of 50 per cent. of all tenancies becoming available from time to time, but notwithstanding such priority there are still 5,860 cases coming within this category awaiting allocation. The selection of returned servicemen for tenancies is under the control of the Rehabilitation Board, and allocations are being made by the local Rehabilitation Committees in the towns concerned.

3. As in the case of mortgage accounts of the Corporation, no great difficulty has been encountered in the collection of rents for State houses, and arrears at the close of the year in respect of new housing units under administration total only £4,536. The percentage of tenants in arrears to occupied houses is 1·89, which is considered to be a remarkably low figure. The total rents for all new properties up to 31st March, 1945, have amounted to £4,968,527, and of this sum only £2,650 has been written off as irrecoverable. The total rent due in respect of these new State houses for the year under review was £1,123,187.

4. The Housing Account is concerned also with a number of old rental properties, and these totalled 1,030 as at 31st March, 1945, and the capital value of the assets at that date was £612,100.

5. *Revenue Account and Balance-sheet.*—A perusal of the past year's accounts, which are appended, will show that there are several phases of State housing activity operated under the Housing Act, 1919, and amendments thereto. There is also the lending scheme established under the authority of the Rural Housing Act, 1939. With a view to presenting the result of each section of the work, the Revenue Account has been set up on the columnar system. The only section showing an adverse balance is that relating to old rental properties, this arising from the necessity for providing for depreciation based on the age of the buildings, and maintenance, which item has shown a sharp increase during the past few years.

The account for the new rental properties is favourably affected by the reduction of war-damage insurance from 5s. per cent. to 1s. per cent., and the result of the year's trading is a profit of £20,955, after making proper provision for normal out-goings and setting aside the required reserves estimated on an average basis.

Higher construction costs are disclosed in the additional housing units taken over during the year, and it is expected that the result of this increase will be reflected to a greater degree in future Financial Statements.

The Balance-sheet is submitted in the usual form, and the only items showing any important variation are the increase in the amount invested in new rental properties from £19,969,923 to £22,731,157, and a comparative rise in the loan liability from £20,030,646 to £22,443,297. The reserves have, of course, shown an increase as additional housing units are brought into use.

In accordance with section 35 of the Housing Act, 1919, the following statistical information is submitted :—

	£
(1) Payments received during the year	1,224,192
(2) Amount of arrears outstanding at 31st March, 1945 (including instalments due on agreements for sale and purchase and rentals on tenancies old and new)	22,829

- A. D. PARK, Chairman of Directors.
T. N. SMALLWOOD, Deputy Chairman of Directors.
B. C. ASHWIN
D. BARNES
R. G. MACMORRAN
- }
- Directors.

HOUSING ACCOUNT
TABULATED REVENUE AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31ST MARCH, 1945

Item,	Properties sold under Agreement for Sale and Purchase.		Advances under Part IV, Housing Act, 1919 (Local Authorities Urban Housing).		Advances under Part III, Housing Act, 1919 (Loans to Employers).		Advances to Local Authorities under Rural Housing Act, 1939.		Rented Properties erected prior to 31st March, 1937.		Rented Properties (New) erected under New Housing Scheme.		Combined Revenue and Expenditure Account.	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
<i>Revenue</i>														
Interest ..	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Rent ..	..	4,113	..	12,470	..	210	..	4,503	..	54,240	..	1,123,187	..	21,296
	..	..	..	..	..	..	..	..	..	..	..	1,177,427	..	..
<i>Expenditure</i>														
(including allocations to Reserve marked*)														
Interest ..	1,388	..	6,129	..	103	..	2,207	..	10,270	..	299,441	..	319,548	..
Management expenses ..	1,039	..	125	..	19	..	249	..	5,390	..	87,359	..	94,181	..
Depreciation ..	..	..	..	..	..	..	..	..	14,791*	..	203,294*	..	218,085	..
Insurance (including war-damage and earthquake insurance)	28	..	..	..	6	..	..	..	1,829*	..	58,275*	..	60,138	..
Rates ..	..	..	..	..	..	..	..	..	9,883	..	154,891*	..	164,774	..
Maintenance ..	..	..	..	..	..	..	..	..	14,276	..	242,813*	..	257,089	..
Losses and vacant tenancies ..	..	..	..	..	..	..	..	..	847	..	56,159*	..	57,006	..
Excess of revenue over expenditure, transferred to Profit and Loss Account	1,648	..	6,216	..	82	..	2,047	..	..	..	20,955	..	27,902	..
Excess of expenditure over revenue, transferred to Profit and Loss Account	..	..	..	..	..	..	..	..	..	3,046	..	..	..	..
Totals ..	4,113	4,113	12,470	12,470	210	210	4,503	4,503	57,286	57,286	1,123,187	1,123,187	1,198,723	1,198,723

HOUSING ACCOUNT—continued

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1945

<i>Dr.</i>		£	<i>Cr.</i>				
Administration of Termites Act, 1940..	..	..	590	Balance, 1st April, 1944	..	..	..
Borer-treatment investigation	..	..	95	Profit for the year (see combined Revenue and Expenditure Account)	..	..	..
Pre-treatment of timber	..	..	296		..	..	..
Balance, 31st March, 1945	..	..	64,821				
			<hr/>				<hr/>
			£65,802				£
			<hr/>				<hr/>

BALANCE-SHEET AS AT 31ST MARCH, 1945

Liabilities	£	Assets	£
Loan liability	22,443,297	Principal owing under agreements for sale and purchase.. ..	89,307
Sundry creditors—	£	Advances under—	
Tenancy deposits	17,556	Part III, Housing Act, 1919 (loans to employers)	6,693
Rent paid in advance.. ..	13,124	Part V, Housing Act, 1919 (local authorities: Urban housing) ..	443,957
Departmental	44,376	Rural Housing Act, 1939	141,719
Miscellaneous	35,384		
	110,440		689,676
Insurance Reserve	381,500	Instalments of principal overdue ..	4,219
Reserves: Rented properties (new), (rates, maintenance, bad debts, and vacant tenancies) ..	1,106,792	Interest receivable—	
Profit and Loss Account.. ..	64,821	Overdue	2,370
		Accrued	2,429
		Recoverable expenditure	101
			698,795
		Less amount in hand unallocated ..	3,850
			709,386
		Rented properties (old)	709,386
		Less Depreciation Reserve	97,286
			612,100
		Rented properties (new)	23,595,985
		Less Depreciation Reserve.. ..	864,828
			22,731,157
		Rent receivable—	
		Overdue	19,866
		Postponed	214
		Accrued	11,732
			31,812
		Sundry debtors .. ..	..
		Writings-off Suspense .. ..	..
	£24,106,850		£24,106,850

NOTE.—Dwellings under construction and vacant land are under the control of the Public Works Department, and all expenditure in connection therewith is included in the accounts of that Department.

W. G. DENT, B.Com., A.R.A.N.Z., for Chief Accountant.

A. D. PARK, F.I.A.N.Z., F.R.A.N.Z. } Managing Directors
T. N. SMALLWOOD }

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, subject to the above departmental note.—J. P. RUTHERFORD, Controller and Auditor-General.

Approximate Cost of Paper.—Preparation, not given; printing (655 copies), £18.