

The gross profits for the year ended 31st March, 1909, were £4,394 7s. 8d., and the cost of management and expenses of the Department £637 7s. 5d., being 0·18 per cent., or 2s. 8d. per £100 on the capital employed. The net profits amounted to £3,757 0s. 3d.

A sum of £1,552 17s. has been appropriated out of profits to the establishment of a sinking fund as required by Section 56, (1), of "The Government Advances to Settlers Act, 1908."

Under the provisions of the Act, all mortgages are prepared in the office free of cost to mortgagors, and the work has been done in a most satisfactory manner and without difficulty.

P. HEYES, F.S.A.A.Eng.,
Superintendent.

Government Advances to Settlers Office, Wellington, 26th May, 1909.

BALANCE-SHEET.

STATEMENT of LIABILITIES and ASSETS at 31st March, 1909.

Liabilities.				Assets.			
	£	s.	d.		£	s.	d.
3-per-cent. loans, re-deemable 1st April, 1945, "A" and "B" ..	2,000,000	0	0	Investment Account—			
Sundry loans ..	2,223,800	0	0	Advances on mortgage ..	8,248,540	0	0
Advances on account of loans ..	935,000	0	0	Less repayments ..	3,134,239	16	6
					5,114,300	3	6
Accrued interest payable on deposits ..			19 16 11	Mortgage instalments receivable—overdue ..			3,741 0 10
Accrued interest payable on account of loans ..			15,743 6 8	Interest receivable—overdue ..			14,325 1 8
Reserve Fund ..			50,000 0 0	Interest receivable—accrued ..			42,860 8 11
Sinking Fund ..			44,189 18 8	Bills receivable ..			128 10 7
Suspense Account ..			2,221 4 1	Office Furniture Account ..			156 19 8
Advances Suspense Account ..			24,798 18 5	Insurance Premiums Account ..			106 13 8
Fire Loss Suspense Account ..			2,190 7 2	Amounts transferred to Workers Branch ..			145,000 0 0
Profit and Loss Account ..			50,742 15 5	Cash in hand and in bank ..	29,834	19	1
				Less unrepresented cheques ..	1,747	10	7
					28,087	8	6
					£5,348,706	7	4
	£5,348,706	7	4				

Government Advances to Settlers Office,
Wellington, 21st May, 1909.
W. N. HINCHLIFFE, Accountant.

P. HEYES, F.S.A.A.Eng., Superintendent.

Examined and found correct, subject to the remark that the Sinking Fund shown as a liability has not been established by being set apart from the moneys of the Advances to Settlers Account and accounted for as a separate fund, the moneys required for such Sinking Fund not having been paid out of the Advances to Settlers Account, as directed by section 22 (e) of the Act.

J. K. WARBURTON,
Controller and Auditor-General.

[The simple explanation of this is that the Sinking Fund is clearly accounted for in the books and balance-sheet of the Department as a separate fund, and that a transfer of an amount from one account to another account in the books is equivalent to a transfer of cash. It is, moreover, impossible to transfer the cash for the amount to be paid according to the Act out of Interest Account into Sinking Fund Account within the year, because the amount, being 10 per cent. of the total interest received, cannot be ascertained until after the year has closed.—P. HEYES, F.S.A.A. Eng., Superintendent.]

STATEMENT of PROFIT AND LOSS ACCOUNT for the Year ended 31st March, 1909.

DR.	£	s.	d.	CR.	£	s.	d.
To Management Expenses Account ..	9,969	11	7	By Interest Account—gross profits ..	71,574	15	7
Loan-flotation charges for the year ended 31st March, 1909, written off ..	782	7	5	Insurance premiums to 31st March, 1908, recovered ..		91	8 1
Loss on realisation of security ..	92	0	5	Premium on sale of debentures ..		3,013	15 0
Balance—net profits for the year ended 31st March, 1909 ..	63,835	19	3				
	£74,679	18	8		£74,679	18	8
Transfer to Sinking Fund ..	20,530	18	8	Balance as at 31st March, 1908 ..		7,437	14 10
Balance—net profits carried forward ..	50,742	15	5	Net profits for the year ..		63,835	19 3
	£71,273	14	1		£71,273	14	1