

Deducting the increases for which the war is directly and indirectly responsible—viz., £7,634,218—the net increase is £1,003,854, of which £446,838 is due to growth of population and increased pension liability.

RESULT OF THE YEAR'S OPERATIONS.

The rapid fall in the price of our primary products had a marked effect upon the year's operations, but the situation improved with the increase in values. Whilst it would not be prudent to assume that the improvement will continue or that an early return to normal conditions is to be looked for, I am confident that the worst has been passed.

It is a matter of congratulation that the difficulty arising out of over-importation, which proved so serious in other parts of the world, has been satisfactorily overcome in New Zealand.

The results of the year's operations within the Consolidated Fund, Ordinary Revenue Account, are summarized hereunder:—

Receipts during year 1921-22 :—	£
Revenue	28,127,007
Expenditure during year :—	£
Permanent charges	12,874,161
Annual appropriations	15,592,677
	<hr/> 28,466,838
Excess of expenditure over revenue ..	339,831
Less other receipts :—	
Repayments by Southland Electric-power Board	60,000
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Net amount required to adjust expenditure and revenue	<u>£279,831</u>

The balance of the accumulated surpluses, brought forward at the 1st April, 1921, was £8,591,209, including £2,409,251 held in reserve to meet the inevitable drop in Customs revenue. The balance at 31st March, 1922, was £7,531,367, including the unexpended portion of the excess Customs revenue; the reduction being accounted for by the application of £780,011 to debt-reduction or capital purposes, and of £279,831 to adjusting ordinary revenue and expenditure.

ACCUMULATED SURPLUSES.

The following statement shows how the accumulated surpluses have been applied:—

STATEMENT SHOWING HOW ACCUMULATED SURPLUSES HAVE BEEN APPLIED.

To Accumulated surplus at 31st March, 1920 ..	£ 17,538,976	By transfers—		
Surplus for financial year 1920-21	6,132,233	To Discharged Soldiers Settlement Account—	£	£
		1920-21	13,330,000	
		1921-22	170,000	
				13,500,000
		To Discharged Soldiers Settlement Depreciation Fund Account—		
		1920-21	50,000	
		1921-22	50,000	
				100,000
		To Public Works Fund, 1920-21		500,000
		To Reserve Fund Securities Account, 1920-21 ..		1,200,000
		To loans redemption, 1921-22 (war-loan certificates, £560,000)		560,011
		To balance revenue and expenditure, 1921-22 ..		279,831
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		Total		16,139,842
		Balance, 31st March, 1922		7,531,367
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Total accumulated surplus	<u>£23,671,209</u>			<u>£23,671,209</u>