

The additional expenditure on pensions is mostly on account of old-age Pensions. and widows' pensions, which must be expected to increase.

The increase shown for maintenance of war graves and memorials overseas is War graves. largely nominal, as in the previous year £32,775 was provided out of vote " Internal Affairs " under annual appropriations for this purpose.

#### ANNUAL APPROPRIATIONS.

The net expenditure under annual appropriations amounted to £10,091,020. Annual appropriations. an increase over that of the previous year of only £107,865, or 1·08 per cent. The increase in some votes cannot be avoided, but the figures for the last financial year clearly demonstrate that economy and close control of expenditure were exercised throughout the year. The Education vote showed an increase of £99,878, being the normal increase due to growth of population. The cost of naval defence went up by £85,820, the reason being that the previous year's expenditure included the cost of the second cruiser for only part of a year. These and other smaller increases as set out in Table No. 7 attached to this Statement are partly offset by decreases as follows :—

	£
Post and Telegraph working-expenses .. .. .	63,353
Industries and Commerce .. .. .	56,592
Electoral Department .. .. .	91,410

During 1925-26 the Dunedin Exhibition increased the vote for Industries and Commerce, while the last election accounted for the heavy expenditure for electoral purposes in the same year.

#### SUMMARY OF YEAR'S OPERATIONS.

The transactions for the year resulted in a surplus, viz. :—

Year's operations.

	Revenue.	£	£
Revenue (proper) .. .. .	.. .. .	24,313,982	
Departmental receipts .. .. .	.. .. .	576,201	
Recoveries on account of expenditure of previous years .. .. .	.. .. .	52,924	
Income for year .. .. .	.. .. .		24,943,107

#### Expenditure.

	£
Permanent appropriations .. .. .	16,488,004
Less credits-in-reduction .. .. .	2,223,059
	14,264,945
Annual appropriations .. .. .	11,885,368
Less credits-in-aid .. .. .	1,794,348
	10,091,020
Net expenditure chargeable to year's income .. .. .	24,355,965
Surplus .. .. .	£587,142

The following shows the result in the funds of the Ordinary Revenue Account Special items. at the end of the year :—

	£
Balance forward, 1st April, 1926 .. .. .	4,428,092
Add—	
Surplus, 1926-27 .. .. .	587,142
Certain reparation-moneys received from Germany .. .. .	39,307
Refund from Cheviot Estate Account in respect of securities redeemed in 1925-26 .. .. .	50,400
	5,104,941