

*Revenue Account.*—The total income\* accrued for the year was £846,787, made up mainly of interest and rents, the actual amount of interest accrued being £776,646. The accrued revenue was insufficient to meet the full charges for interest on capital, there being a deficit of approximately £20,000 for the year, but it is anticipated that when the reduction in the capital as approved by the Minister of Finance under section 22, Finance Act, 1927 (No. 2), becomes operative—i.e., on 1st April, 1928, the account will, under favourable conditions, pay its way.

The net loss on the Revenue Account for the year was £1,223,178, the main factors contributing to this position being—

	£
Losses on realization of securities as approved by Treasury and Audit ..	315,891
Reductions and remissions under Deteriorated Lands Act, 1925 ..	38,587
Losses written off under section 4, Discharged Soldiers Settlement Amendment, Act 1924 ..	1,080
Remissions of interest and rent .. ..	7,308
Reserve for losses on abandoned properties, &c. .. ..	750,000

These items call for no special comment, with one exception—viz., the reserve of £750,000. This amount has been charged to Revenue Account and credited to a Reserve Account to meet any future losses on securities that have been realized or may later be realized.

Section 22 of the Finance Act, 1927 (No. 2), authorizes the Minister of Finance to write off the accumulated losses by reducing the capital of the account, and it is intended to approach the Treasury during the year to have the capital reduced by the amount of the Revenue Account loss carried forward as at 1st April, 1928—viz., £1,215,041—together with the further losses occasioned by the decisions of the Dominion Revaluation Board that were given effect to during the year—viz., £86,896. Had the reserve of £750,000 not been created, the account would continue to be liable for interest on the full amount of capital, a substantial portion of which has been lost through the deterioration of abandoned farms.

*Balance-sheet.*—The accumulated losses as at 31st March, 1927, including the reductions and remissions granted by the Dominion Revaluation Board to that date, have been written off under the authority of the Minister of Finance by the discharge of liabilities and the reduction of capital as follows :—

	£	s.	d.
Interest unpaid on transfer from Consolidated Fund .. ..	880,000	0	0
Interest on debentures due to Consolidated Fund .. ..	160,010	12	6
Interest accrued on redemption of debentures from Consolidated Fund .. ..	496	2	1
Redemption of debentures from Consolidated Fund .. ..	30,000	0	0
Reduction of £13,500,000 transfer from Consolidated Fund .. ..	1,600,000	0	0
Against Reserve Account .. ..	250	12	8
	<u>£2,670,757</u>	<u>7</u>	<u>3</u>

This takes effect from 1st April, 1928, so that for the ensuing year the account will be relieved of a charge for interest on the amount of the reduction in the capital of £1,600,000, and this will mean a reduction of £64,000 in the interest bill.

*Arrears and Postponements.*—The total amount of interest and instalments of principal in arrears and standing postponed to a future date was £469,414, as against £529,484 in the previous year. While there is a considerable reduction in the amount owing, this has not been brought about by cash payments by mortgagors, but as the result of remission of interest by the Dominion Revaluation Board and the several Land Boards, and by the gradual elimination of the “bad marks” by the transfer of their accounts to Realization Account.

*Property Account and Realization Account.*—The amount outstanding in respect of properties bought in and in course of realization is £1,082,314, or a decrease of £197,158 as compared with the previous year. It is gratifying to record this reduction, which indicates a return to more normal conditions.

The following statement shows the farms disposed of by way of sale or lease during the year :—

	Sale.	Lease.
Number of farms .. ..	157	111
Area (acres) .. ..	48,066	37,930
Price realized for Discharged Soldiers Settlement equity ..	£177,728	£128,954

At the close of the year the Department had on hand 312 freehold and leasehold farms, comprising 155,751 acres, valued in all at £346,405.

#### LAND FOR SETTLEMENTS ACCOUNT (DISCHARGED SOLDIERS SETTLEMENT ACCOUNT).

The Balance-sheet discloses that accumulated losses have been written off by the Hon. the Minister of Finance as follows :—

	£	s.	d.
Remissions of interest due to Consolidated Fund .. ..	466,229	7	6
Reductions in Capital Account .. ..	1,011,000	0	0
Against Reserve Account .. ..	26,975	7	0
	<u>£1,504,204</u>	<u>14</u>	<u>6</u>