

2. The results of the year's working are set forth in the following statement:—

				<i>Receipts.</i>					
				£	s.	d.	£	s.	d.
Traffic receipts	...	...	...	115,735	7	3			
Less Atlantic companies' charge for conveying date and time, and for delivering duplicate copies in London and other large centres in United Kingdom	...	...	...	4,269	18	9			
				<hr/>			111,465	8	6
Interest on deposits	..	..	..	..	..	..	40	16	8
Refund tolls and dues	...	...	...	..	..	..	217	13	0
				<hr/>			£111,723	18	2
				<i>Expenditure.</i>					
				£	s.	d.	£	s.	d.
Head office (salaries and expenses, canvassing, engineers' fees, and royalties)	...	...	...	6,309	3	6			
Cable stations (salaries and expenses)	...	...	...	43,959	7	6			
Ship's salaries and expenses	...	...	...	11,821	11	10			
Provident Fund	...	...	...	1,677	3	11			
Renewal Account	...	...	...	30,000	0	0			
Excess of receipts over expenditure...	...	...	...	17,956	11	5			
				<hr/>			£111,723	18	2

3. The sum of £17,956 was thus available for reduction of the amount (£77,544) contributed annually for interest and sinking fund on the capital advanced by the National Debt Commissioners. The amount payable by the Governments associated in the enterprise is thus £59,588, as against the sum of £60,888 payable by them for the previous year.

As compared with the contribution made by the Board towards the Redemption Fund in 1909, the above amount shows an increase of £1,300.

4. The traffic receipts as brought to account for the year show only the small increase of £403. The real increase was, however, considerably larger, as, owing to accidental delay in transfers to the Board's Account by the Governments of Australia and New Zealand, a sum of no less than £2,211, which should have been credited to the revenue for 1909-10, was not brought to account until after 31st March. But for this the revenue would have exceeded that of 1909 by £2,614, and would have been £1,534 in excess of the estimate.

During the year some increase in business from the Continent has been obtained through the employment of a canvassing agent in Germany, and good results have also followed from increased activity in canvassing in this country.

In the miscellaneous receipts there was a falling-off of £1,773, those of 1908-9 having been abnormally swollen by the sum received from the Commonwealth Government for charter of the "Iris" (£1,339); and the net results of these several circumstances is a diminution in the total receipts for the year of £1,370 as compared with 1908-9.

5. The expenditure for the year shows a net decrease of £2,668. The principal saving (£5,343) has been on the item "Ship's salaries and expenses," and has been due in part to the fact that no voyage was made during the year to the island stations in the Pacific, so that the expenditure on coal was greatly diminished, and in part to the "skeletonizing" of the crew when in harbour, which is mentioned below. There was also a reduction of £1,000 in the amount carried to renewal account, the annual charge for which reached in the year the figure of £30,000, the figure at which, according to the instructions of their Lordships, it will for the future stand. On the other hand, there was an increase of £353 on head office expenses due to the ordinary increments of salaries, and to the addition to the staff in 1909 of a special canvasser for London and the Provinces, and of another for Germany; and of £3,221 on the item "Cable stations (salaries and expenses)." Of this amount, £1,089 was due to the provision of two additional cottages at Norfolk and Fanning Islands, £311 to cost of painting at cable stations, £546 to renewals of instruments and furniture, and the remainder is attributable to the number of acting-allowances that became payable to officers taking the place of superior officers on leave, and to the normal increase under the incremental scheme of salaries.

6. The forecast of the Board's revenue contained in the annual account for the year ending 31st March, 1910, was in excess of the actual figure by £1,535, while the actual expenditure was £6,188 below the original estimate.

7. The preliminary forecast of revenue and expenditure for the year ending 31st March, 1911, prepared on 6th December, 1909, was as follows:—

		£			£
Traffic revenue	...	128,000	Renewal Fund	...	30,000
			Working-expenses	...	84,702
			Excess	...	13,298
		<hr/>			<hr/>
		£128,000			£128,000

The large increases in the estimate of traffic revenue on the one side, and of working-expenses on the other, are due to the new arrangements for the working of the Canadian land lines between Montreal and Vancouver, which are referred to in paragraph 10 below.

8. It will be seen that the Renewal Fund stood at £219,488 on 31st March, 1910. The balance of cash at that date to the credit of this account was £27,072, and this is now in course of investment. Credit is given to the Renewal Fund for all interest earned by investments