

1936.  
NEW ZEALAND.

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# STATE ADVANCES OFFICE

(REPORT BY THE SUPERINTENDENT OF THE) FOR THE YEAR ENDED  
31st MARCH, 1936.

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*Laid before Parliament pursuant to Subsection (3) of Section 64 of the State Advances Act, 1913.*

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## FORTY-SECOND ANNUAL REPORT.

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As a result of the passing of the Mortgage Corporation of New Zealand Act, 1934-35, and the establishment of the Mortgage Corporation on the 1st July, 1935, the activities of the State Advances Office ceased so far as concerned the making of advances to settlers and workers, and to local authorities under the provisions of Part III of the Local Bodies' Loans Act, 1926. Thereafter the functions of the Office became confined mainly to the business theretofore conducted in the Miscellaneous Business Branch of the Office, consisting principally of collecting payments due by purchasers and tenants of houses under the Housing Act, 1919, the collection of moneys due in respect of loans made under the Repatriation Act, 1918, Fishing Industry Promotion Act, 1919, the Fruit-preserving Industry Act, 1913, and out of the Cold Storage Advances Account established under the provisions of section 30 of the Finance Act, 1918 (No. 2).

The accounts of the various Branches are appended.

GEO. G. ROSE, Superintendent.

State Advances Office, Wellington, 30th June, 1936.

**STATE ADVANCES OFFICE.**  
**ADVANCES TO SETTLERS BRANCH.**

STATEMENT OF LIABILITIES AND ASSETS AS AT 31ST MARCH, 1936.

| <i>Liabilities.</i>  |             |       | <i>Assets.</i>   |             |       |
|--|-------------|-------|--|-------------|-------|
|  | £           | s. d. |  | £           | s. d. |
| Sundry loans .. .. .   | 19,344,170  | 3 1   | Investment Account: Advances not due ..  | 13,030      | 0 0   |
| Amount held for investment on behalf of the Housing Insurance Fund .. .. . | 8,079       | 13 11 | Mortgage Corporation Stock issued in accordance with section 38 (1) of the Mortgage Corporation of New Zealand Act, 1934-35 ..   | 17,092,425  | 0 0   |
| Advances Suspense Account .. .. .  | 750         | 0 0   | Contingent liability of Mortgage Corporation under section 38 (2) of the Mortgage Corporation of New Zealand Act, 1934-35 ..   | 2,027,684   | 2 2   |
| Sundry creditors .. .. .   | 2,089       | 16 9  | Properties acquired .. .. .  | 2,498       | 19 6  |
| Interest on loans—   | £           | s. d. | Temporary investment .. .. .   | 300,000     | 0 0   |
| Deferred .. .. .   | 356,931     | 16 6  | Interest on mortgages accrued .. .. .  | 69          | 14 3  |
| Overdue .. .. .  | 53,654      | 5 10  | Interest on temporary investment accrued ..  | 1,849       | 6 3   |
| Accrued .. .. .  | 135,150     | 19 5  | Interest on Mortgage Corporation stock accrued but not due at 31st March, 1936 ..  | 91,666      | 18 2  |
| Reserve for bad debts .. .. .  | 545,737     | 1 9   | Sundry debtors .. .. .   | 1,180       | 8 3   |
| Reserve Fund .. .. .   | 235,663     | 16 2  | Balance of profits of Mortgage Corporation for the year ended 31st March, 1936, payable in accordance with section 42 of the Mortgage Corporation of New Zealand Act, 1934-35 .. | 52,868      | 2 0   |
| Sinking Fund .. .. .   | 2,088,114   | 13 5  | Lodgment in Transit Account .. .. .  | 453         | 9 1   |
|  | £22,249,605 | 5 1   | Realization Suspense Account .. .. .   | 59,606      | 19 2  |
|  |             |       | Loan Charges Account .. .. .   | 232,930     | 8 3   |
|  |             |       | Profit and Loss Account .. .. .  | 110,580     | 17 4  |
|  |             |       | Cash in hand and in bank at 31st March, 1936 ..  | 174,646     | 7 3   |
|  |             |       | Sinking Fund Investments held by Advances Office Sinking Fund .. .. .  | 2,088,114   | 13 5  |
|  |             |       |  | £22,249,605 | 5 1   |

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>                                   |          |       | <i>Cr.</i>   |          |       |
|--|----------|-------|--|----------|-------|
|  | £        | s. d. |  | £        | s. d. |
| Interest Account: Gross loss for the year .. | 152,986  | 19 11 | Profits from Mortgage Corporation of New Zealand under section 42 of the Mortgage Corporation of New Zealand Act, 1934-35 .. | 80,601   | 3 5   |
| Management Expenses Account .. .. .          | 18,648   | 18 0  | Profits from sale of assets .. .. .  | 12       | 13 11 |
| Depreciation on furniture .. .. .            | 120      | 17 2  | Balance: Loss for the year .. .. .   | 117,193  | 19 7  |
| Depreciation on motor-vehicles .. .. .       | 70       | 17 3  |  | £197,807 | 16 11 |
| Expenses on properties acquired .. .. .      | 28       | 14 0  |  | £        | s. d. |
| Loan flotation charges written down .. .. .  | 25,951   | 10 7  | Income-tax reserve .. .. .   | 6,613    | 2 3   |
|  | £197,807 | 16 11 | Balance .. .. .  | 110,580  | 17 4  |
| Loss for the year .. .. .                    | 117,193  | 19 7  |  | £117,193 | 19 7  |
|  | £117,193 | 19 7  |  | £110,580 | 17 4  |
| Balance .. .. .                              | £110,580 | 17 4  |  |          |       |

INTEREST ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>                                   |          |       | <i>Cr.</i>   |           |       |
|--|----------|-------|--|-----------|-------|
|  | £        | s. d. |  | £         | s. d. |
| Interest on loans .. .. .                    | 752,635  | 16 9  | Interest on mortgages .. .. .                                      | 1,175,009 | 1 1   |
| Less accrued at 31st March, 1935 139,369 1 8 | 139,369  | 1 8   | Interest on mortgages:   |           |       |
| Interest on loans overdue and accrued ..     | 176,685  | 14 1  | Accrued but not due at 31st March, 1936 ..                         | 69        | 14 3  |
| Interest on Housing Insurance Fund .. .. .   | 235      | 6 7   |  | 1,175,078 | 15 4  |
|  | 613,266  | 15 1  | Less overdue and accrued at 31st March, 1935 ..                    | 927,304   | 1 11  |
|  | £790,187 | 15 9  | Interest on Mortgage Corporation stock .. .. .                     | 286,875   | 0 0   |
|  |          |       | Accrued but not due at 31st March, 1936 .. .. .                    | 91,666    | 18 2  |
|  |          |       |  | 378,541   | 18 2  |
|  |          |       | Interest on temporary investments .. .. .                          | 11,151    | 2 6   |
|  |          |       | Accrued but not due at 31st March, 1936 .. .. .                    | 733       | 11 3  |
|  |          |       |  | 11,884    | 13 9  |
|  |          |       | Less accrued at 31st March, 1935 ..                                | 1,175     | 7 5   |
|  |          |       |  | 10,709    | 6 4   |
|  |          |       | Interest on current account advances .. .. .                       | 148       | 15 1  |
|  |          |       | Interest on outstanding payments .. .. .                           | 26        | 2 10  |
|  |          |       | Balance: Gross loss transferred to Profit and Loss Account .. .. . | 152,986   | 19 11 |
|  |          |       |  | £790,187  | 15 9  |

ADVANCES TO SETTLERS BRANCH—*continued.*

## MANAGEMENT EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>  | £              | s.       | d.       | <i>Cr.</i>   | £              | s.       | d.       |
|---|----------------|----------|----------|--|----------------|----------|----------|
| Advertising, newspapers, &c. . . . .                          | 5              | 2        | 7        | Consent fees . . . . .                                   | 16             | 16       | 9        |
| Audit services . . . . .                                      | 200            | 0        | 0        | Cost of preparation of mortgages . . . . .               | 81             | 9        | 0        |
| Cartage . . . . .   | 8              | 10       | 10       | Production fees . . . . .                                | 192            | 4        | 9        |
| Cleaning, lighting, heating, and messenger services . . . . . | 104            | 6        | 7        | Release fees . . . . .                                   | 146            | 0        | 0        |
| Commission . . . . .  | 208            | 15       | 5        | Sundry fees . . . . .                                    | 12             | 17       | 2        |
| Employers' liability insurance . . . . .                      | 4              | 6        | 9        | Refund of premium on fidelity guarantee bonds . . . . .  | 35             | 16       | 4        |
| Management charges on New Zealand stock and bonds . . . . .   | 3,790          | 19       | 2        | Balance transferred to Profit and Loss Account . . . . . | 18,648         | 18       | 0        |
| Meal allowances and overtime . . . . .                        | 1,701          | 17       | 11       |  |                |          |          |
| Motor maintenance . . . . .                                   | 164            | 10       | 9        |  |                |          |          |
| Office maintenance . . . . .                                  | 81             | 6        | 10       |  |                |          |          |
| Postages and telegrams . . . . .                              | 218            | 9        | 2        |  |                |          |          |
| Post Office services . . . . .                                | 424            | 15       | 9        |  |                |          |          |
| Printing and stationery . . . . .                             | 227            | 9        | 0        |  |                |          |          |
| Public Service Superannuation Fund contribution . . . . .     | 90             | 9        | 4        |  |                |          |          |
| Rent . . . . .  | 578            | 10       | 4        |  |                |          |          |
| Salaries . . . . .  | 8,332          | 1        | 9        |  |                |          |          |
| Solicitors costs and Court costs . . . . .                    | 861            | 1        | 10       |  |                |          |          |
| Telephones . . . . .  | 69             | 10       | 4        |  |                |          |          |
| Travelling-expenses . . . . .                                 | 84             | 7        | 2        |  |                |          |          |
| Typewriters and adding-machines . . . . .                     | 71             | 8        | 3        |  |                |          |          |
| Exchange on remittances . . . . .                             | 68             | 13       | 1        |  |                |          |          |
| Valuation Department: Agency work . . . . .                   | 1,837          | 9        | 2        |  |                |          |          |
|   | <u>£19,134</u> | <u>2</u> | <u>0</u> |  | <u>£19,134</u> | <u>2</u> | <u>0</u> |

DEPARTMENTAL NOTE.—In terms of the Mortgage Corporation of New Zealand Act, 1934–35, all mortgages and certain local body investments formerly shown as assets of various branches of the State Advances Office were transferred to the Mortgage Corporation of New Zealand and, in consideration thereof, stock for a certain proportion was issued to the Minister of Finance and the balance shown as a contingent liability of the Corporation. The stock has been allocated to the various branches having regard to the purpose of the several accounts and the nature of the liabilities. These assets which have replaced the mortgages previously held are not legally vested in the Superintendent, but they have been included in the State Advances Office balance-sheets in order to show the financial results of the year's operations. Interest on this stock, together with the proportion of profits payable to the Crown under the Mortgage Corporation of New Zealand Act, 1934–35, is paid to the Public Account where these moncy's have been applied in payment of the interest due on the loan-capital held by the various branches of the State Advances Office. These amounts have therefore been reflected in the accounts as presented above. Further legislation will be necessary before the accounts can be finally adjusted.

GEO. G. ROSE, Superintendent.

F. R. JAMIESON, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, subject to the departmental notes enclosed thereon and to the following exceptions: (1) The amount of exchange paid in respect of the interest which has been paid in London on the loans of this account has not been charged to the account, but has been borne by the Consolidated Fund; (2) the Mortgage Corporation stock should not appear in the Balance-sheet as an investment of the Superintendent. It is vested in the Minister of Finance to whom the stock was issued in exchange for mortgage securities transferred to the Corporation in terms of the Mortgage Corporation of New Zealand Act, 1934–35; (3) Contingent Liability of the Mortgage Corporation should not appear among the assets of the Superintendent, as it is not the property of the Superintendent. In terms of the legislation, so long as this liability exists, the surplus profits of the Corporation are payable to the Public Account and not to the State Advances Account; (4) the Profit and Loss Account is overstated to the extent of the interest on the Corporation stock and of the profits of the Corporation which have been paid to the Public Account in accordance with the statute.—G. F. C. CAMPBELL, Controller and Auditor-General.

## RURAL ADVANCES BRANCH.

## STATEMENT OF LIABILITIES AND ASSETS AS AT 31ST MARCH, 1936.

| <i>Liabilities.</i>           |        | £         | s. d.             | <i>Assets.</i>   |  | £                 | s. d.       |
|-------------------------------|--------|-----------|-------------------|--|--|-------------------|-------------|
| Bonds issued .. .. .          |        | 4,213,050 | 0 0               | Investment Account : Advances not due ..   |  | 5,000             | 0 0         |
| Interest on loans—            | £      | s. d.     |                   | Mortgage Corporation stock issued in accordance with section 38 (1) of the Mortgage Corporation of New Zealand Act, 1934-35 .. |  | 3,810,195         | 0 0         |
| Overdue .. .. .               | 39,068 | 5 3       |                   | Contingent Liability of Mortgage Corporation under section 38 (2) of Mortgage Corporation of New Zealand Act, 1934-35 ..       |  | 254,663           | 3 1         |
| Accrued .. .. .               | 9,234  | 1 8       | 48,302            | 6 11   | Interest on Mortgage Corporation stock accrued but not due at 31st March, 1936 ..  | 20,434            | 2 6         |
| Reserve for bad debts .. .. . |        |           | 38,791            | 11 3   | Interest on mortgages accrued .. .. .  | 19                | 3 7         |
|                               |        |           |                   |  | Interest tax due in accordance with sections 6 and 7 of the Finance Act, 1932-33 .. .. .   | 4,481             | 5 0         |
|                               |        |           |                   |  | Realization Suspense Account .. .. .   | 3,572             | 1 1         |
|                               |        |           |                   |  | Balance of profits of Mortgage Corporation for the year ended 31st March, 1936, payable in accordance with section 42 of the Mortgage Corporation of New Zealand Act, 1934-35 .. | 4,066             | 16 0        |
|                               |        |           |                   |  | Loan Charges Account .. .. .   | 139,316           | 10 7        |
|                               |        |           |                   |  | Profit and Loss Account .. .. .  | 20,554            | 17 9        |
|                               |        |           |                   |  | Cash in hand and at bank at 31st March, 1936 ..  | 37,840            | 18 7        |
|                               |        |           | <u>£4,300,143</u> | <u>18 2</u>  |  | <u>£4,300,143</u> | <u>18 2</u> |

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>                                |  | £              | s. d.       | <i>Cr.</i>  |  | £              | s. d.       |
|---|--|----------------|-------------|---|--|----------------|-------------|
| Interest Account : Gross loss for year .. |  | 12,668         | 13 10       | Profits from Mortgage Corporation of New Zealand under section 42 of the Mortgage Corporation of New Zealand Act, 1934-35 .. .. . |  | 6,199          | 15 9        |
| Loan-floation charges written down ..     |  | 12,665         | 2 8         | Recovery of loss on realization .. .. .   |  | 2              | 19 4        |
| Management Expenses Account .. .. .       |  | 4,559          | 6 6         | Balance : Net loss for year .. .. .   |  | 23,690         | 7 11        |
|   |  | <u>£29,893</u> | <u>3 0</u>  |   |  | <u>£29,893</u> | <u>3 0</u>  |
| Loss for the year .. .. .                 |  | 23,690         | 7 11        | Income-tax reserve .. .. .  |  | 3,135          | 10 2        |
|   |  | <u>£23,690</u> | <u>7 11</u> | Balance .. .. .   |  | 20,554         | 17 9        |
|   |  |                |             |   |  | <u>£23,690</u> | <u>7 11</u> |

## INTEREST ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>                          |  | £              | s. d.           | £          | s. d. | <i>Cr.</i>  |  | £               | s. d.      | £ | s. d. |
|-------------------------------------|--|----------------|-----------------|------------|-------|---|--|-----------------|------------|---|-------|
| Interest on bonds .. .. .           |  | 131,215        | 4 9             |            |       | Interest on mortgages .. .. .   |  | 400,684         | 18 10      |   |       |
| Less accrued at 31st March, 1935 .. |  | 7,513          | 4 0             |            |       | Accrued at 31st March, 1936 .. .. .   |  | 19              | 3 7        |   |       |
|                                     |  | <u>123,702</u> | <u>0 9</u>      |            |       |   |  | 400,704         | 2 5        |   |       |
| Interest on bonds—                  |  |                |                 |            |       | Less overdue and accrued at 31st March, 1935 .. .. .                              |  | 326,022         | 12 3       |   |       |
| Overdue .. .. .                     |  | 39,068         | 5 3             |            |       |   |  | 74,681          | 10 2       |   |       |
| Accrued .. .. .                     |  | 9,234          | 1 8             | 48,302     | 6 11  | Interest on Mortgage Corporation stock ..   |  | 64,125          | 0 0        |   |       |
|                                     |  |                |                 |            |       | Interest on Mortgage Corporation stock accrued but not due at 31st March, 1936 .. |  | 20,434          | 2 6        |   |       |
|                                     |  |                |                 |            |       | Interest on temporary investment .. .. .  |  | 80              | 2 9        |   |       |
|                                     |  |                |                 |            |       | Interest on outstanding payments .. .. .  |  | 14              | 18 5       |   |       |
|                                     |  |                |                 |            |       | Balance : Gross loss transferred to Profit and Loss Account .. .. .               |  | 12,668          | 13 10      |   |       |
|                                     |  |                | <u>£172,004</u> | <u>7 8</u> |       |   |  | <u>£172,004</u> | <u>7 8</u> |   |       |

**RURAL ADVANCES BRANCH—continued.****MANAGEMENT EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.**

| <i>Dr.</i>   | £             | s.        | d.        | <i>Cr.</i>  | £             | s.        | d.        |
|--|---------------|-----------|-----------|---|---------------|-----------|-----------|
| Audit Office services .. .. .                      | 90            | 0         | 0         | Cost of preparation of mortgages .. .. .          | 3             | 2         | 0         |
| Cleaning and messenger services .. .. .            | 50            | 0         | 0         | Commission .. .. .                                | 13            | 1         | 3         |
| Postages and telegrams .. .. .                     | 79            | 18        | 4         | Release fees .. .. .                              | 5             | 2         | 6         |
| Post Office services .. .. .                       | 100           | 0         | 0         | Sundry fees .. .. .                               | 2             | 18        | 8         |
| Printing and stationery .. .. .                    | 70            | 0         | 0         | Balance transferred to Profit and Loss Account .. | 4,559         | 6         | 6         |
| Public Service Superannuation Fund contribution .. | 20            | 0         | 0         |   |               |           |           |
| Rent .. .. .                                       | 100           | 0         | 0         |   |               |           |           |
| Salaries .. .. .                                   | 3,495         | 2         | 7         |   |               |           |           |
| Solicitors' costs and Court costs .. .. .          | 172           | 5         | 10        |   |               |           |           |
| Travelling-expenses .. .. .                        | 30            | 0         | 0         |   |               |           |           |
| Valuation Department: Agency work .. .. .          | 376           | 4         | 2         |   |               |           |           |
|  | <u>£4,583</u> | <u>10</u> | <u>11</u> |   |               |           |           |
|  |               |           |           |   | <u>£4,583</u> | <u>10</u> | <u>11</u> |

NOTE.—See departmental note on Advances to Settlers Branch Accounts.

GEO. G. ROSE, Superintendent.  
F. R. JAMIESON, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, subject to the departmental notes enclosed thereon and to the following exceptions: (1) The amount of exchange paid in respect of the interest which has been paid in London on the loans of this account has not been charged to the account, but has been borne by the Consolidated Fund; (2) the Mortgage Corporation stock should not appear in the Balance-sheet as an investment of the Superintendent. It is vested in the Minister of Finance to whom the stock was issued in exchange for mortgage securities transferred to the Corporation in terms of the Mortgage Corporation of New Zealand Act, 1934-35; (3) Contingent Liability of the Mortgage Corporation should not appear among the assets of the Superintendent, as it is not the property of the Superintendent. In terms of the legislation, so long as this liability exists, the surplus profits of the Corporation are payable to the Public Account and not to the State Advances Account; (4) the Profit and Loss Account is overstated to the extent of the interest on the Corporation stock and of the profits of the Corporation which have been paid to the Public Account in accordance with the statute.—G. F. C. CAMPBELL, Controller and Auditor-General.



ADVANCES TO WORKERS BRANCH—*continued.*

## MANAGEMENT EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>  | £             | s.        | d.       | <i>Cr.</i>  | £             | s.        | d.       |
|---|---------------|-----------|----------|---|---------------|-----------|----------|
| Audit Office services .. .. .                             | 150           | 0         | 0        | Cost of preparation of mortgages .. .. .          | 9             | 6         | 6        |
| Cleaning, lighting, heating, and messenger services       | 100           | 0         | 0        | Commission .. .. .                                | 2,094         | 11        | 11       |
| Management charges on New Zealand stock and bonds .. .. . | 1,851         | 18        | 8        | Release fees .. .. .                              | 56            | 15        | 0        |
| Motor-vehicles maintenance .. .. .                        | 327           | 11        | 10       | Balance transferred to Profit and Loss Account .. | 4,930         | 4         | 9        |
| Postages and telegrams .. .. .                            | 129           | 1         | 0        |   |               |           |          |
| Post Office services .. .. .                              | 220           | 0         | 0        |   |               |           |          |
| Printing and stationery .. .. .                           | 100           | 0         | 0        |   |               |           |          |
| Public Service Superannuation Fund contribution           | 40            | 0         | 0        |   |               |           |          |
| Rent .. .. .  | 260           | 0         | 0        |   |               |           |          |
| Salaries .. .. .  | 3,680         | 0         | 0        |   |               |           |          |
| Solicitors costs and Court costs .. .. .                  | 116           | 11        | 4        |   |               |           |          |
| Sundry fees .. .. .                                       | 40            | 14        | 4        |   |               |           |          |
| Travelling-expenses .. .. .                               | 25            | 0         | 0        |   |               |           |          |
| Valuation Department: Agency work .. .. .                 | 50            | 1         | 0        |   |               |           |          |
|   | <u>£7,090</u> | <u>18</u> | <u>2</u> |   | <u>£7,090</u> | <u>18</u> | <u>2</u> |

NOTE.—See departmental note on Advances to Settlers Branch.

GEO. G. ROSE, Superintendent.

F. R. JAMIESON, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, subject to the departmental notes en faced thereon and to the following exceptions: (1) The amount of exchange paid in respect of the interest which has been paid in London on the loans of this account has not been charged to the account, but has been borne by the Consolidated Fund; (2) the Mortgage Corporation stock should not appear in the Balance-sheet as an investment of the Superintendent. It is vested in the Minister of Finance to whom the stock was issued in exchange for mortgage securities transferred to the Corporation in terms of the Mortgage Corporation of New Zealand Act, 1934-35; (3) contingent liability of the Mortgage Corporation should not appear among the assets of the Superintendent as it is not the property of the Superintendent. In terms of the legislation, so long as this liability exists, the surplus profits of the Corporation are payable to the Public Account and not to the State Advances Account; (4) the Profit and Loss Account is overstated to the extent of the interest on the Corporation stock and of the profits of the Corporation which have been paid to the Public Account in accordance with the statute.—G. F. C. CAMPBELL, Controller and Auditor-General.

## LOCAL AUTHORITIES BRANCH.

## STATEMENT OF LIABILITIES AND ASSETS AS AT 31ST MARCH, 1936.

| <i>Liabilities.</i>  |    | £                 | s.        | d.       | <i>Assets.</i>  |                   | £         | s.       | d. |
|--|----|-------------------|-----------|----------|---|-------------------|-----------|----------|----|
| Sundry loans .. .. .   | .. | 2,778,690         | 15        | 7        | Mortgage Corporation Reserve Contribution Account .. .. .   | 2,750,443         | 5         | 5        |    |
| Loan moneys: Unexpended balance under section 72, Local Bodies' Loans Act, 1913 .. | .. | 3,987             | 12        | 10       | Loan Charges Account .. .. .  | 23,530            | 2         | 2        |    |
| Temporary loan from Public Debt Sinking Fund ..                                    | .. | 449               | 11        | 0        | Amount due by Mortgage Corporation pursuant to section 35 of the Mortgage Corporation of New Zealand Act, 1934-35, but not paid at 31st March, 1936 .. .. . | 6,821             | 2         | 0        |    |
| Sundry creditors for management expenses ..  | .. | 655               | 3         | 2        | Interest paid in advance .. .. .  | 14,053            | 7         | 2        |    |
| Premium on conversion .. .. .  | .. | 432               | 15        | 10       | Profit and Loss Account .. .. .   | 948               | 17        | 3        |    |
| Interest on loans accrued but not due .. .. .                                      | .. | 11,580            | 15        | 7        | Sinking Fund Investments held by Advances Office Sinking Fund .. .. .   | 81,091            | 0         | 9        |    |
| Sinking Fund .. .. .   | .. | 31,091            | 0         | 9        |   |                   |           |          |    |
|  |    | <u>£2,876,887</u> | <u>14</u> | <u>9</u> |   | <u>£2,876,887</u> | <u>14</u> | <u>9</u> |    |

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>                                  |    | £             | s.       | d.        | <i>Cr.</i>                         |               | £        | s.        | d. |
|---|----|---------------|----------|-----------|------------------------------------|---------------|----------|-----------|----|
| Management Expenses Account .. .. .         | .. | 1,073         | 3        | 1         | Income-tax Reserve Account .. .. . | 2,104         | 4        | 7         |    |
| Loan-flotation charges written down .. .. . | .. | 1,116         | 10       | 4         | Balance: Loss for the year .. .. . | 948           | 17       | 3         |    |
| Balance: Interest Account .. .. .           | .. | 863           | 8        | 5         |                                    |               |          |           |    |
|   |    | <u>£3,053</u> | <u>1</u> | <u>10</u> |                                    | <u>£3,053</u> | <u>1</u> | <u>10</u> |    |

## INTEREST ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>                                    |    | £               | s.       | d.       | <i>Cr.</i>   |                 | £        | s.       | d. |
|---|----|-----------------|----------|----------|--|-----------------|----------|----------|----|
| Interest on loans .. .. .                     | .. | 102,722         | 0        | 8        | Interest on debentures .. .. .   | 31,142          | 2        | 2        |    |
| Less accrued at 31st March, 1935 .. .. .      | .. | 11,580          | 15       | 7        | Accrued interest taken over by Mortgage Corporation .. .. .  | 21,624          | 12       | 3        |    |
| Interest on loans accrued but not due .. .. . | .. | 11,580          | 15       | 7        |  | 52,766          | 14       | 5        |    |
|   |    | <u>£102,722</u> | <u>0</u> | <u>8</u> | Less overdue and accrued at 31st March, 1935 .. .. .   | 32,729          | 4        | 2        |    |
|   |    |                 |          |          |  | 20,037          | 10       | 3        |    |
|   |    |                 |          |          | Interest payable in accordance with section 35 of the Mortgage Corporation of New Zealand Act, 1934-35 .. .. . | 81,821          | 2        | 0        |    |
|   |    |                 |          |          | Balance transferred to Profit and Loss Account .. .. .   | 863             | 8        | 5        |    |
|   |    |                 |          |          |  | <u>£102,722</u> | <u>0</u> | <u>8</u> |    |

## MANAGEMENT EXPENSES ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>   |    | £             | s.       | d.       | <i>Cr.</i>   |               | £        | s.       | d. |
|--|----|---------------|----------|----------|--|---------------|----------|----------|----|
| Audit Office services .. .. .                          | .. | 30            | 0        | 0        | Payment for forms .. .. .                              | 60            | 0        | 0        |    |
| Cleaning, lighting, heating, and messenger services .. | .. | 20            | 0        | 0        | Balance transferred to Profit and Loss Account .. .. . | 1,073         | 3        | 1        |    |
| Management charges: New Zealand stock and bonds ..     | .. | 446           | 17       | 8        |  |               |          |          |    |
| Postages and telegrams .. .. .                         | .. | 25            | 0        | 0        |  |               |          |          |    |
| Post Office services .. .. .                           | .. | 30            | 0        | 0        |  |               |          |          |    |
| Printing and stationery .. .. .                        | .. | 35            | 0        | 0        |  |               |          |          |    |
| Public Service Superannuation Fund contribution ..     | .. | 15            | 0        | 0        |  |               |          |          |    |
| Rent .. .. .   | .. | 40            | 0        | 0        |  |               |          |          |    |
| Salaries .. .. .                                       | .. | 491           | 5        | 5        |  |               |          |          |    |
|  |    | <u>£1,133</u> | <u>3</u> | <u>1</u> |  | <u>£1,133</u> | <u>3</u> | <u>1</u> |    |

NOTE.—See departmental note on Advances to Settlers Branch Accounts.

GEO. G. ROSE, Superintendent.

F. R. JAMIESON, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, subject to the departmental notes enclosed thereon and to the following exceptions: (1) The amount of exchange paid in respect of the interest which has been paid in London on the loans of this account has not been charged to the account, but has been borne by the Consolidated Fund; (2) the Mortgage Corporation Reserve Contribution Account which represents the capital moneys secured by local body debentures transferred to the Corporation should not appear in the Balance-sheet as an investment of the Superintendent as it is not the property of the Superintendent. In terms of the legislation the Corporation is required to pay to Public Account interest on these moneys which form part of the General Reserve Fund of the Corporation; (3) the Profit and Loss Account is overstated to the extent of the interest payable on the amount of the debentures so transferred in accordance with section 35 of the Mortgage Corporation of New Zealand Act, 1934-35. The interest payable is required to be paid to Public Account and not the State Advances Account; (4) accumulated losses amounting to £121,125 0s. 5d. have been written off against the Sinking Fund contrary to the purpose for which that Fund was established.—G. F. C. CAMPBELL, Controller and Auditor-General.

## PUBLIC DEBT SINKING FUND BRANCH.

## STATEMENT OF LIABILITIES AND ASSETS AS AT 31ST MARCH, 1936.

| <i>Liabilities.</i>  |    | £                 | s.        | d.       | <i>Assets.</i>  |    | £                 | s.        | d.       |
|--|----|-------------------|-----------|----------|---|----|-------------------|-----------|----------|
| Sinking Fund created under the provisions of the Public Debt Extinction Act, 1910                        | .. | 3,258,955         | 19        | 4        | Investment Account—   |    |                   |           |          |
| Suspense Account   | .. | 63                | 1         | 7        | Advances not due: Local bodies  | .. | 1,616,410         | 3         | 10       |
| Management Account   | .. | 33                | 12        | 0        | Instalments of principal overdue: Local bodies  | .. | 12,028            | 16        | 11       |
| Interest due to Consolidated Fund in accordance with section 12 (a), Repayment of Public Debt Act, 1925— |    |                   |           |          | Contingent liability of Mortgage Corporation under section 38 (2) of the Mortgage Corporation of New Zealand Act, 1934-35   | .. | 1,242,802         | 11        | 8        |
| In hand at 31st March, 1936  | .. | 76,941            | 11        | 3        | Temporary advance to Local Authorities Branch   | .. | 449               | 11        | 0        |
| Overdue at 31st March, 1936  | .. | 17,486            | 14        | 8        | Balance of profits of Mortgage Corporation for the year ended 31st March, 1936, payable in accordance with section 42 of the Mortgage Corporation of New Zealand Act, 1934-35 | .. | 23,402            | 10        | 0        |
| Accrued at 31st March, 1936  | .. | 16,743            | 13        | 1        | Interest overdue on loans to local bodies   | .. | 17,486            | 14        | 8        |
|  |    | 111,171           | 19        | 0        | Interest accrued on loans to local bodies   | .. | 16,743            | 13        | 1        |
| Interest paid in advance   | .. | 285               | 7         | 7        | Cash at bank  | .. | 441,185           | 18        | 4        |
|  |    | <u>£3,370,509</u> | <u>19</u> | <u>6</u> |   |    | <u>£3,370,509</u> | <u>19</u> | <u>6</u> |

## INTEREST ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1936.

| <i>Dr.</i>  | £  | s.              | d.        | <i>Cr.</i>            | £   | s. | d.              | £         | s.       | d.     |   |   |
|---|----|-----------------|-----------|-----------------------|---|----|-----------------|-----------|----------|--------|---|---|
| Interest on investments due to Consolidated Fund in accordance with section 12 (a), Repayment of the Public Debt Act, 1925— |    |                 |           | Interest on loans to— |   |    |                 |           |          |        |   |   |
| Paid to Treasury  | .. | 88,015          | 3         | 11                    | Settlers  | .. | 61,449          | 7         | 7        |        |   |   |
| In hand at 31st March, 1936   | .. | 76,941          | 11        | 3                     | Workers   | .. | 2,275           | 16        | 11       |        |   |   |
| Overdue at 31st March, 1936   | .. | 17,486          | 14        | 8                     | Local bodies  | .. | 59,374          | 9         | 1        |        |   |   |
| Accrued at 31st March, 1936   | .. | 16,743          | 13        | 1                     |   |    | 123,099         | 13        | 7        |        |   |   |
|   |    | 199,187         | 2         | 11                    | Less overdue and accrued at 31st March, 1935  | .. | 67,389          | 6         | 7        | 55,710 | 7 | 0 |
| Less overdue and accrued at 31st March, 1935  | .. | 67,389          | 6         | 7                     | Profits from Mortgage Corporation of New Zealand for the year ended 31st March, 1936, in accordance with section 42 of the Mortgage Corporation of New Zealand Act, 1934-35 | .. | 35,675          | 18        | 8        |        |   |   |
|   |    | <u>131,797</u>  | <u>16</u> | <u>4</u>              | Interest on temporary investments   | .. | 4,213           | 8         | 6        |        |   |   |
|   |    | <u>£131,797</u> | <u>16</u> | <u>4</u>              | Conversion premiums   | .. | 1,967           | 14        | 5        |        |   |   |
|   |    |                 |           |                       | Interest overdue at 31st March, 1936, on loans to local bodies  | .. | 17,486          | 14        | 8        |        |   |   |
|   |    |                 |           |                       | Interest accrued at 31st March, 1936, on loans to local bodies  | .. | 16,743          | 13        | 1        |        |   |   |
|   |    |                 |           |                       |   |    | <u>£131,797</u> | <u>16</u> | <u>4</u> |        |   |   |

NOTE.—The assets of this Branch include local body investments transferred from the Advances Office Sinking Fund without legislative authority. See also departmental note on Advances to Settlers Branch Accounts.

GEO. G. ROSE, Superintendent.  
F. R. JAMIESON, Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the books and documents submitted for audit, and correctly state the position as disclosed thereby, subject to the departmental notes enfacar thereon and to the following exceptions: (1) The contingent liability of the Mortgage Corporation should not appear among the assets of the Superintendent as it is not the property of the Superintendent. In terms of the legislation, so long as this liability exists, the surplus profits of the Corporation are payable to the Public Account and not to the State Advances Account; (2) the Interest Account is overstated to the extent of the profits of the Corporation which have been paid to the Public Account in accordance with the statute.—G. F. C. CAMPBELL, Controller and Auditor-General.













