

The total investments and accrued interest thereon amount to £269,074 2s. 11d. Of this amount, however, £67,329 18s. 7d. represents the investments of the Rural Intermediate Credit Redemption Fund. One-third of all advances received by the Board from the Consolidated Fund under section 16 of the Act is required to be added to the Rural Intermediate Credit Redemption Fund and invested in Government securities. The interest on the investments as received is also invested and added to the Redemption Fund. The accretion to the fund by way of interest during the past year was £1,630 17s. 10d., and this amount, together with one-half share of the net profits, £280 10s. 4d., has been credited to the Rural Intermediate Credit Redemption Fund. The investments of the Redemption Fund are set aside for the redemption of debentures issued by the Board, and, under the provisions of the Act, cannot be used for any other purpose.

The investments in the course of the Board's ordinary business amount to £165,115 5s. 9d., classified as follows:—

	£	s.	d.
Advances to associations under Part II ..	68,828	15	8
Advances to farmers under Part III ..	92,334	5	5
Bills discounted .. .. .	3,952	4	8
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	£165,115	5	9
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Temporary investments, representing funds held for settlement of loans on the point of completion, amount to £34,000.

59. *Issue of Debentures.*—In addition to providing for advances to the Board from the Consolidated Fund up to an amount not exceeding £400,000, the Act authorizes the Board, subject to certain conditions, to raise such further funds as may be required by the issue of debentures.

The Board has thought it advisable, as a matter of policy, to issue debentures to a limited extent for the purpose of supplementing the advances received from the Treasury. While no prospectus has been circulated and no general invitation has been given to the public to subscribe for these debentures, there have been numerous inquiries from investors interested in the scheme, and a total amount of £70,700 has been raised.

60. *Collection of Interest, Instalments, and Monthly Payments due by Borrowers.*—The Board appreciates the necessity for close supervision of all loan accounts, as, should borrowers fall into arrears with their payments, it is important that the position should be immediately brought under notice and receive proper attention.

A system has accordingly been provided whereby all loan accounts are regularly scrutinized, and cases where the stipulated payments have not been forthcoming or the payments received are insufficient to provide for interest and the required reduction of principal are recorded on a special "Arrears List." All cases on the Arrears List are kept under close observation and receive special attention until the accounts are again in a satisfactory position.

61. *Accounts of Associations.*—With a view to securing uniformity in the accounts of associations, the Board has laid down a suitable system to be followed in all cases, and has supplied carefully prepared instructions to the secretaries and treasurers of all associations. The District Supervisors and the Accountants at the Board's offices are at all times ready to give any further assistance and guidance that may be required.

In order to reduce the cost to associations, suitable accounting and statistical books and forms have been designed and printed in quantities. The Board is thus able to supply associations with the necessary books, and the small quantity of forms required, at a minimum cost.

62. *Increased Business for Year ended 31st August, 1929.*—The comparative statement published in the First Appendix to the report shows that the total investments of the Board increased during the year 31st August, 1928, to 31st August, 1929, from £30,945 to £215,176, an increase of 600 per cent., despite considerable repayments of loans effected during the year in accordance with the policy adopted by the Board of placing every loan granted on a reducing basis.