

27. *Business transacted under Part III of the Act.*—The amount owing to the Board on account of loans granted direct to farmers as at the 30th June, 1931, after crediting the repayments received under the loans since they were granted, amounted to £159,475, as compared with £154,209 owing as at the 30th June, 1930. These figures show only the net investments, and do not include loans granted but not paid over or applications under consideration at the date stated.

DISCOUNTING.

28. A satisfactory increase of business was recorded under this heading, and it is evident that this method of obtaining loans from the Board is a popular one, providing as it does a prompt and inexpensive means of obtaining small loans for the purchase of fertilizer or for the meeting of current expenses during the unproductive portion of the year.

Arrangements were concluded with fourteen companies during the year for the acceptance of their endorsements of promissory notes and bills of exchange, while the limits fixed for the contingent liabilities of five companies were increased. Up to the 30th June, 1931, the Board had agreed to accept the endorsements of fifty-five companies.

By Part III of the Act power is conferred on companies to guarantee loans whether or not the power to do so is conferred by the memoranda of association of the companies, but no similar power in regard to the endorsing of promissory notes is given by the Act. It has been brought to the knowledge of the Board that many companies which would be willing to endorse clients' and suppliers' notes or bills are unable to do so owing to the absence of the necessary legal power, and it is clear that if such a general power could be conferred there would be a further increase in the Board's discounting business.

29. *Business transacted.*—The total value of notes and bills outstanding at the 30th June, 1931, amounted to £15,282. As the notes and bills are normally drawn with a currency of not more than one year, the amount outstanding at any time does not give a true indication of the volume of business transacted. The total discounts effected from the inception of the scheme to the 30th June, 1931, amounted to £35,498.

DAIRY COMPANIES.

30. Though companies other than dairy companies have guaranteed clients' loans or endorsed their notes and bills, by far the greater proportion of guaranteeing and endorsing companies were dairy companies, and the satisfactory progress recorded is to a large extent attributable to the whole-hearted support given to the system by dairy companies. They have also rendered valuable assistance in the formation of many of the rural intermediate credit associations, and have aided the development of the system by supporting the operations of the associations when formed. The Board places on record its sincere appreciation of the valuable assistance which has been rendered to the scheme by dairy companies and their directors.

FINANCE AND ACCOUNTS.

31. The accounting system makes provision for separate records to be kept of advances and transactions of each district board. The accounts of these district boards are incorporated in the central Board's general Profit and Loss Account and Balance-sheet, and a complete record of the Board's transactions is readily available.

Moneys not immediately required for the settlement of loans are temporarily invested and are available immediately they are required. The Board's funds are thus at all times profitably employed.

32. *Accounts to 30th June, 1931.*—The accounts have not yet been completed as the question of the Board's liability for income-tax is under discussion with the Controller and Auditor-General, and the figures given in this paragraph are therefore provisional only. During the year the business has shown considerable expansion. The investments, excluding Rural Intermediate Credit Redemption Fund investments and advances to associations for preliminary expenses, amounted to £489,210 at 30th June, 1931, as compared with £322,507 at 30th June, 1930. The increase, £166,703, is over 50 per cent.