

The last report referred to the winding-up of one association under an order of the Court, and disclosed that a dividend of 15s. in the pound had been received by the Board, and that receipt of a final dividend sufficient to meet the balance owing was practically assured. It is understood that sufficient money is now held by the Official Liquidator to pay the balance owing to the Board.

Two associations were wound up voluntarily during the year, one being unable to commence business because of the failure of some of the signatories to the Memorandum of Association to pay the call of 1s. per share required before an association may commence lending operations, and the other, which had granted only a small number of loans, considering that the business in prospect was not sufficient to justify its continued existence.

Another association incurred large losses on the realization of securities for loans granted by it, and the anticipation that it would probably have to be wound up was referred to in the last report. The directors declined to make a call on shares for the purpose of meeting the losses, and as they proceeded to accept surrenders of the shares held by some of the directors and shareholders, with consequent prospect of loss to the Board, it became necessary to petition the Supreme Court for the compulsory winding-up of the association in order to protect the Board's invested funds and to ensure that all shareholders who were in a position to meet their obligations did so. The necessary Court order was obtained, and the liquidation of the association is proceeding with the Official Assignee in Bankruptcy as the Official Liquidator. Further Court proceedings on the part of the Liquidator were rendered necessary in order to retain the liability of those shareholders whose shares had been surrendered subsequently to the ascertainment of the losses. The result of the action was satisfactory to the Board.

In only one other case have losses been made by an association such as to involve any call upon the unpaid share capital.

16. *Value of Association Method.*—The Board again has pleasure in placing on record its appreciation of the excellent work performed by the directors and secretaries in their administration of the associations' affairs and the rendering of assistance to borrowers. The directorates of associations are composed of farmers of standing in the various districts, and their advice and assistance, both in connection with the farming practice of many borrowers and in the management of their financial affairs, has been freely given and has proved, in many cases, invaluable. It can safely be stated that the present sound position of borrowers in certain cases is directly attributable to the assistance of directors and officers of associations. In some instances where the financial position of a borrower has been heavily involved, it has been found desirable for the secretary-treasurer of the association to control the whole of the financial operations of the borrower with advantage to himself and to his various creditors.

17. *Business transacted through Associations.*—During the year the sum of £50,841 was advanced by the Board under association loans, as compared with £66,311 for the year ended 30th June, 1935. This amount represents only advances by the Board to associations for disbursement to borrowers, and does not include amounts advanced to borrowers by associations from funds in hand representing repayments received from other borrowers, so that the total amount made available to farmers through associations was considerably in excess of the sum shown above. The new loans, as distinct from further advances under existing loans, taken up by association borrowers during the year numbered 106, and there were 836 loans current at the end of the year.

As at 30th June, 1936, the amount owing to the Board by associations was £161,574, as compared with £195,513 at the 30th June, 1935. These figures refer to the net investments after crediting the repayments received from borrowers.

18. *Financial Position of Associations.*—In June, 1936, a return of the financial position of all associations at the dates of their last annual accounts showed that forty associations had 2,134 members, of whom 954 had received advances which