

FINANCE AND ACCOUNTS.

24. *Accounts to 30th June, 1936.*—The accounts reveal a decrease in the gross income from £13,450 for the year ended 30th June, 1935, to £10,942. This figure, however, does not include the sum of £7,651 8s. 7d., the income earned by investments of the Rural Intermediate Credit Redemption Fund, credited direct to the Redemption Fund Account. The fall in income is attributable to the decrease of £54,142 to £205,132 in the investments in the course of the Board's ordinary business.

Although the gross income was reduced by £2,508 to £10,942, the interest profits show an increase of £2,926 to £10,570 due to the fact that the last series of debentures issued by the Board matured on 1st October, 1935, and were repaid on that date.

25. The expenditure, including interest on debentures, totalled £8,206, compared with £14,573 for the previous year. The reduction was due principally to the lower charge for interest on debentures, a reduction in the cost of services of the Public Trust Office, and the fact that it was unnecessary to increase the reserves for possible losses on advances for which £1,200 was provided in 1935. All doubtful securities have been carefully reviewed, and it is considered that the existing reserves for possible losses amounting to £7,757 6s. 7d. are adequate. They represent a little over 3·7 per cent. of the advances current at 30th June, 1936, £205,132.

26. The result of the year's operations was a net profit of £2,736 6s. 3d., compared with a net loss of £2,323 7s. 4d. for the previous year, when £1,200 was provided as an addition to the reserves for losses on advances.

27. In accordance with section 39 (3) of the Rural Intermediate Credit Act, 1927, the net profit of £2,736 6s. 3d. has been appropriated in equal shares to the Rural Intermediate Credit Redemption Fund and the Rural Intermediate Credit Reserve.

28. The total investments, including accrued interest, as at 30th June, 1936, amounted to £403,334, a decrease of £50,475 on the previous year's figures. This total includes the investments of the Rural Intermediate Credit Redemption Fund, which at cost amount to £195,257 11s. 10d.

The present investments of the Rural Intermediate Credit Redemption Fund are derived from—

One-third of advance of £400,000 from the Consolidated Fund under section 16 of the Act	£	s.	d.
	133,333	6	8
One-half share of profits up to 30th June, 1934, appropriated in accordance with section 39 of the Act ..	14,698	11	9
Interest received and invested and interest accrued to 30th June, 1936	47,225	13	5
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	£195,257	11	10
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The face value of the investments held and accrued interest thereon to the 30th June, 1936, is £195,546 15s. 8d., the additional amount of £289 3s. 10d. representing the difference between the premium received on conversion of Government securities held as at 31st March, 1933, £1,136 16s. 3d., and the premium paid on purchase of investments, £847 12s. 5d.

In addition, the Redemption Fund includes a further sum of £1,368 3s. 2d., half-share of profits for the year to 30th June, 1936, and a balance of interest, £4,416 5s. 9d., not yet invested, making a grand total of £201,042 0s. 9d.