£6,873 10s. 10d. Of this sum, not less than £1,165 17s. 5d. was lying totally unproductive on current account in various banks. In the course of my investigations into the affairs of friendly societies it has often struck me that members cannot realize how this neglect of profitable investments tends to impoverish the societies, and to swell the profit of wealthy corporations. For you may be sure that bank directors do not show an equal supineness as to the value of money. The thousands of pounds belonging to societies consisting of wage-earners left lying in banks are not allowed to remain unproductive; only, the profits derived therefrom go to the latter institutions, instead of to the real owners. I am aware that to a certain extent this is an inevitable evil. A large number of small societies exist, each of which must keep a balance in hand. These balances in the aggregate necessarily amount to a considerable sum. But, in many instances, the balances kept in hand are far larger than necessary. In your own district the following courts have amounts out of all proportion to their total funds lying idle:—

	Invested. £	Uninvested. £ s. d.
Concord	300	118 5 0
Pride of the Forest	600	138 7 1
Aorere	350	367 17 10
District	200	214 18 2
	£1,450	£839 8 1

In these four cases the uninvested funds form considerably more than one-third of the whole, a proportion which will readily be admitted to be needlessly and wastefully large.

I have just one other point to notice bearing on the subject of valuations in general before proceeding to deal with the results of this valuation in particular. It is sometimes sought to impugn the validity of deductions derived from a valuation, on the ground that no allowance has been made for future secessions or withdrawals. The ancients had a proverb to the effect that we are apt to magnify the importance of what is unknown to us. I think this applies to the question under consideration. The profits on withdrawals are not nearly as great as they are supposed to be. When a member withdraws the society gains, not the whole of that member's past subscriptions, but only that portion of them which has been laid aside as a provision for his future claims. In a society which charges inadequate contributions the society also gains indirectly by getting rid of a liability which greatly exceeds the value of the sum which it is to receive in exchange. But this is merely the result of an unfortunate state of affairs, and cannot be considered in any sense desirable; for, if such a society gains by secessions, it loses in a similar manner by every member it initiates, because it makes in each such case a losing bargain. But, whatever the profits from secessions, it is to be remembered that every shilling which has accrued to this society in the past has necessarily been taken account of in the accompanying valuation, in that the liabilities in respect of all members who have seceded have ceased, while the reserve created by such members' contributions remains a portion of the funds. Any secessions which may take place during the current five years will equally affect the next valuation; so that the rate of secession does materially influence the results disclosed by valuation, only it is allowed to do its work first, and is only taken account of when its effects have been experienced. All the best authorities are agreed that it is impossible to estimate correctly the results of withdrawals beforehand; for, in the first place, it is a matter which depends upon human volition, and a number of causes which cannot possibly be calculated on beforehand; and, further, its very anticipation might have a tendency to alter the result. For if a society, otherwise insolvent, were made to appear in a very much better position by anticipating secessions at a certain rate, that very result would very likely have the effect of checking secessions, and so the prophecy would work its own falsification.

I regret to have to report a deficiency in the case of each court. It is a pity that the remedies suggested by your former valuers had not been sooner applied. . . . Your position has slightly improved during the quinquennium, though it must be admitted that it is still very far from being satisfactory. The deficiency arises from the inadequacy of the contributions to provide the benefits promised. It has somewhat diminished, chiefly owing to the fact that the average contribution has slightly increased through a few of the courts having adopted a graduated scale which only applies to members admitted after a certain date. Thus, as the old members drop out, the average contribution gradually increases.

The large sum payable as funeral benefit on the death of a member is answerable for fully one-third of the deficiency. In fact, your society grants higher benefits than any which has come under my notice, and its contributions are yet nearly on the lowest scale, averaging at the valuation date only £1 7s. 10d. per member per annum.

With regard to cases of prolonged sickness, I may state that I have valued this liability at the maximum rate provided for in the rules—viz., 10s. a week in all the courts except Courts Concord and Sherwood Forest, and 7s. 6d. in these two. It is obviously impossible to affix a money value to the probable action of a number of future summoned meetings. As a means of lessening the strain which must, sooner or later, come upon your resources, I should recommend the courts at once to reduce this allowance in chronic sickness to, say, 5s. a week.

Since this valuation has been in progress I find that some new district laws have been brought into force. They are certainly a considerable improvement on the former ones, though, as the new contributions do not apply to existing members, they do not directly affect the present valuation. The new scale will, however, at least prevent courts retrograding. In view of the large funeral benefit, I cannot pronounce even this scale a sufficient one: still, with the entrance-fees prescribed, it will protect the courts from the worst cases of loss—the admission of men up to forty years of age at the same rate as that charged for youths. The rule respecting initiation-fees is also a great improvement on the former one. It is now enacted that all initiation-money is to be paid to the General Fund of the court, whereas by the old rules the amount was fixed, but nothing was said about its appropriation, and, as a matter of fact, courts did appropriate these fees in varying proportions.

In view of the circumstance that two courts of your district have hitherto been in the habit of charging rates of contribution directly at variance with their own by-laws, I should recommend the district officers to see that the new district laws as to contributions and allocation of funds are duly observed by the various courts.

* * * * * * * *

Court Robin Hood, A.O.F., Nelson (Valued by Mr. A. G. Wiggins).

Balance-sheet as at 31st December, 1885.

Liabilities.	£ s. d.	*Assets.*	£ s. d.
To Present value of benefits assured by the Court—		By Present value of future contributions to benefit funds	4,410 1 0
Sickness	8,007 7 5	Total funds as per Secretary's returns	3,317 3 2
Funeral	2,964 6 8	Other Assets—Share of District Funeral Fund	128 14 1
Amount of funds incapable of valuation—Management	221 15 11	Balance—Deficiency	3,337 11 9
	£11,193 10 0		£11,193 10 0

I regret to have to lay before you a statement showing so serious a deficiency. As, however, your society was valued five years ago, and appeared then to be in a similar position, and as no alteration has been made in your rates of benefit or contribution (at any rate as far as existing members are concerned), you will probably have been prepared for some such result. In my district report you will find my opinion as to the causes of the deficiency disclosed by the valuation, for, unfortunately, all courts in the district are in a similar position, more or less. To that report I will therefore refer you on this point.