likely that a considerable amount of the second (and last) instalment of the 80 per cent. would be paid up in 10-40 debentures; but, owing to the unexpected stringency in the money-market at the end of the year, when the bank-rate had to be put up to 6 per cent., only £92,400 was so paid up. In one respect this was a disadvantage to the conversion, as the bulk of the 10-40s had to be paid off in cash by the Crown Agents, who thereupon became entitled to their commission of ½ per cent., a charge which under our arrangements with the Bank of England would have been saved if the bonds had been handed in to the Bank.

The debentures paid into the Bank will be sent out by the s.s. "Rimutaka," leaving London on the 1st of May. The debentures paid off by the Crown Agents are being de-registered, and will be sent out later on.

The total amount of debentures of both series paid off to this date is as follows:—

	£	s.	d.
Debentures of 1879	385,900	0	0
10-40 debentures	1,977,400	0	0
	£2,363,300	0	0
Leaving still outstanding—			
Debentures of 1879	2,100	0	0
10-40 debentures	229,900	0	0
	£232,000	0	0

If you will now do us the favour of turning to that part of our letter of the 26th October, 1889, No. 1306, which referred to taking an account of debits and credits of interest and discount, our anticipations of that time have resulted approximately as follows:—

	£	£	s.	d.
Debits—				
1. Interest to Bank of England on £155,000 borrowed by Stock Agents, five days at 4 per cent.		84	18	8
2. Interest on the stock from 1st January to 26th February, when last instalment paid, as the coupon of the 10-40s was running at the same time, fifty-seven days at 3½ per cent.		14,342	0	0
3. Discount allowed on payment of instalments		1,609	12	0
		£16,036	10	8
Credits—				
1. Interest saved to colony on £388,000 (see despatch of 26th October), at 4½ per cent., two months ...	2,910			
2. Interest on amounts credited to Public Account to 15th April	3,830			
3. Estimate of probable interest to be saved till both series paid off	1,000			
4. Estimate of interest to be saved on stock not yet issued	1,225			
		8,965	0	0
Approximate difference between debits and credits ...		£7,071	10	8

It results from the preceding figures that the general account of the conversion up to this date (15th April, 1890) stands approximately as follows:—

	£	£	s.	d.
Total amount received in cash and bonds		2,587,631	9	11
Against this total, debentures of 1879 have been paid off	385,900			
And 10-40 debentures have been paid off ...	1,997,400			
Debentures of both series to come in	232,000			
Charges which have been already paid, or estimated to be due on 15th April	52,906			
Difference of debits over credits	7,071			
		2,655,277	0	0
Deficiency to be met		£67,646	0	0

The creation of £3,000,000 of stock provided ample means for completing the conversion, and the only question is when stock shall be sold to meet the above deficiency. There is no necessity to do anything yet, as the 10-40 bonds are coming in slowly, and some interval will elapse before they are paid off. It will be in your recollection that the bonds of the 4½-per-cent. 5-30s took fifteen months to pay off, and the 5-per-cent. 5-30s twelve months, so that we do not expect to have to sell stock, at any rate, until after the first half-yearly interest day in July; and in case of need we shall be able to make any temporary financial arrangement in anticipation. The stock has been rising of late, and is now quoted at 98 to 99, so that it will most likely be an advantage to put off a sale as long as circumstances will permit.

We have, &c.,
F. D. Bell,
P. G. Julyan,
Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

[*Approximate Cost of Paper.*—Preparation, Nil; printing (1,200 copies), £11 12s.6d.]

By Authority: George Didsbury, Government Printer, Wellington.—1890.