GENERAL.

In the administration of the Rural Intermediate Credit business the Board has received valuable assistance from the members of district boards, by whom the bulk of the new business is now considered under delegated authority from the Central Board. We gratefully acknowledge the help given by these gentlemen, who handle a considerable volume of work in a prompt and efficient manner. We are also indebted to the directors and secretaries of Co-operative Rural Intermediate Credit Associations, by whom the majority of the loans are administered. Much gratuitous service is given by these officials, and the results obtained are a credit to them. In addition to the usual duties of management and supervision of investments, good work is being done by association board members in helping and advising borrowers with their farming operations and development work.

The services of members of the staff of the State Advances Corporation have been extensively used in co-ordinating and supervising the lending operations of this Board, which is an important factor in the continued success of the undertaking.

A. D. PARK
T. N. SMALLWOOD
Joint Managing Directors.

RURAL INTERMEDIATE CREDIT BOARD.

BALANCE-SHEET AS AT 30TH JUNE, 1940.

Liabilities.	£	£
Establishment grant from Consolidated Fund ..	10,000	
Less expenditure to date	7,765	
	———	2,235
Advances from Conslidated Fund for preliminary expenses of associations		850
Advances from Consolidated Fund under section 16 of the Rural Intermediate Credit Act, 1927, including £133,333 6s. 8d. which under section 17 of the said Act forms part of the Rural Intermediate Credit Redemption Fund		400,000
Rural Intermediate Credit Redemption Fund: Accumulated interest on investments and share of profits ..		103,495
Rural Intermediate Credit reserve		18,255
Reserve, representing premiums on conversion of Rural Intermediate Credit Redemption Fund investments ..		1,137
Sundry creditors		3,083
		£529,055

Assets.	£	£
Investments of the Rural Intermediate Credit Redemption Fund and premiums on conversion: Government securities at cost and interest accrued		217,159
Advances to associations for preliminary expenses ..		274
Advances to associations under Part II ..	138,209	
Less Reserve	4,397	
	———	133,812
Advances to farmers under Part III ..	7,308	
Less Reserve	1,094	
	———	6,214
Bills discounted	813	
Less rebate of interest	31	
	———	782
Short-term investment		100,000
Accrued interest		1,576
Sundry debtors		1
Office appliances, furniture, fittings, &c.		32
Cash at bank and in transit		69,205
		£529,055

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1940.

Dr.	£
Management expenses	2,326
Advertising	255
Printing and stationery	60
Travelling-expenses of officers	27
Travelling-expenses of district board members	51
District board members' fees	15
General expenses	53
Audit fees	75
Depreciation	5
Interest paid to Treasury	8,000
Reserved for losses	50
	£10,917

Cr.	£
Interest on advances to associations	6,369
Interest on advances to farmers	502
Discount on bills discounted	25
Interest on temporary investment	2,096
Sundry fees	10
Transfer from Redemption Fund income	1,915
	£10,917

A. D. PARK, F.I.A.N.Z., F.R.A.N.Z.
T. N. SMALLWOOD
Joint Managing Directors.

R. ROBERTSON, Chief Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the relative books and documents submitted for audit and correctly state the position as disclosed thereby—C. G. COLLINS, Controller and Auditor-General.

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