

25. *Discounts effected for the Year ended 30th June, 1937.*—The amount advanced for the year was £2,127, as compared with £1,728 for the year ended 30th June, 1936, and the face value of notes outstanding at the end of the year was £993, as compared with £1,262 at the 30th June, 1936.

26. *Total Advances for the Year ended 30th June, 1937.*—There was advanced during the year under all headings £62,032, as compared with £66,932 for the year ended 30th June, 1936.

27. *Total Business.*—From the inception of the scheme in 1928 to the 30th June, 1937, the Board advanced £1,279,096, and of this amount 87·6 per cent. has been repaid, leaving £158,259 owing to the Board. The volume of business reached its peak in 1931, and for the year ended 30th June, 1931, the Board advanced £317,711. There was owing at the 31st October, 1931, after crediting repayments received under loans, £520,183. The two figures just referred to are the highest recorded by the Board.

A steady expansion of business was shown in the earlier years of the Board's operations, but there has been a decline in recent years. The reasons for this decline have been fully traversed in previous reports and it is not necessary to refer to them here. It should be mentioned, however, that the uncertainty which has existed in the last two years regarding the future of the system and its administration has had an adverse effect on the volume of business.

POSITION OF SYSTEM AT 30TH JUNE, 1937.

28. The Board considers that the position generally of loans granted by it and its associations is sound, and in comparatively few cases need losses be anticipated. Such losses, if they are made, will be more than covered by the reserves which the Board has set aside for the purpose. As at the 30th June, 1937, the amount provided for this purpose was £7,757 6s. 7d., which represents a little over 4·9 per cent. of the advances current at that date. The fact that it has been necessary to make such small provision discloses a very creditable position.

29. As has been stated earlier in this report, some associations have only a small amount of business and are encountering difficulty in meeting their expenses. The position of these will need to be considered immediately by the new administration.

30. Owing to the uncertainty regarding the future of the system which has ruled for the last two years, the Board has not considered it wise to make any substantial alterations of policy or procedure, because it was not desired to embarrass the new administration in any way. Several matters have been deferred and will be brought under notice of the new administration when the change takes place, and some of them will require early consideration.

REDEMPTION FUND AND RESERVE.

31. In accordance with section 39 of the Rural Intermediate Credit Act, 1927, the net profit each year has been appropriated in equal shares to the Rural Intermediate Credit Redemption Fund and the Rural Intermediate Credit Reserve. The total net profit earned by the Board to 30th June, 1937, and thus apportioned in terms of section 39 (1) was £34,033 5s. 10d. A loss of £2,323 7s. 4d. sustained for the year ended 30th June, 1935, was met out of the Rural Intermediate Credit Reserve.

32. The amount invested, or available for investment, on behalf of the Rural Intermediate Credit Redemption Fund at 30th June, 1937, was as follows :—

One-third of advance of £400,000 from the Consolidated	£	s.	d.
Fund under section 16 of the Act	133,333	6	8
One-half share of profits up to 30th June, 1937, appropriated in accordance with section 39 of the Act	17,016	12	11
Interest received on investments and interest accrued to 30th June, 1937	59,736	14	0
	<u>£210,086</u>	<u>13</u>	<u>7</u>