

2. You also made a calculation of the "life" of the Consol bond, showing that after the drawing of 1891 the "life" would be 8·98 years. I assume that there is no correction to be made in that figure at the present date.

3. It will also be in your recollection that in January, 1886, you constructed several tables giving the equivalents of our 4-per-cent. stock compared with the loans mentioned in the tables. I enclose you a print of these tables to refresh your memory. At that time, however, the sixes of 1891 were at 108 to 110, whereas now, in consequence of their having to be paid off during 1891, they have, of course, fallen to a little over par; no fresh computation for them need therefore be made, as the relation between them and the 3½-per-cent. stock into which they would be converted will be fixed by the market price of that stock on the date when the conversion is announced. Accordingly, neither the tables of the sixes need be repeated, nor the tables relating to the fives of 1889, the latter having been paid off; and the only table now requiring revision is the one relating to the fives. With regard to this table, the first column must now show the market price of 3½-per-cent. stock instead of 4 per cent., beginning at 93 and going up by ¼ per cent. to 98; and the other columns must be altered in the following way, viz.: the present quotation of the fives of 1914 being from 114 to 116, it will be sufficient if the columns show the amount of 3½-per-cent. stock equivalent to each £100 debenture of the fives at their market prices, ranging from 113 to 116 by ¼-per-cent. gradations.

4. In the same paper are the computations you made for a number of old loans, some of which are not quoted on the Stock Exchange, showing the value which you then attached to a £100 debenture in those loans. I now wish you to revise the figures so as to show the equivalent for a £100 debenture of those loans in 3½-per-cent. stock, ranging (as in the case of the Fives of 1914) from 93 to 98, and giving a separate table for each of the loans.

5. You will also remember constructing a table in July, 1889, showing the equivalents between the 3½-per-cent. and 4-per-cent. stocks already existing. I now wish you to look at the figures, and see what revision would have to be made at this date, compared with eighteen months ago, for a table the draft of which is annexed.

A. H. Bailey, Esq., and Ralph P. Hardy, Esq.

I am, &c.,
F. D. BELL.

Enclosure 2 in No. 11.

DEAR SIR FRANCIS,—

London, 19th January, 1891.

We send herewith the following tables,* which we have prepared according to your request.

No. 1 Table shows the equivalents, at different prices, of the 3½-per-cent. stock redeemable in 1940, with the 4-per-cent. stock redeemable in 1929, and with what you term a £100 debenture of the 5-per-cent. Consols. The average duration of the life of the Consol bond after the drawing of 1891 will be 8·98, or, say, nine years, as calculated in February, 1885. No correction is required if the circumstances remain the same.

No. 2 Table shows for the prices you mention the equivalent values of the 3½-per-cent. stock and the fives of 1914.

No. 3 Table shows similar comparison of 3½-per-cent. stock with a £100 debenture of different outstanding loans which you have specified. The debentures have in each case been valued to pay interest at the rate of 4 per cent. per annum.

No. 4 Table shows the equivalents between the 3½- and 4-per-cent. stocks at the prices specified.

We are, &c.,
A. H. BAILEY.
RALPH P. HARDY.

Sir Francis Dillon Bell, K.C.M.G., C.B.

No. 12.

The AGENT-GENERAL to the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

21st February, 1891.

SIR,—

I now enclose you statements of account as between the Stock Agents and the Public Account in connection with various operations brought up to the 31st January, 1891.†

It has been impossible to prepare in time for this mail the explanatory memorandum which I should have liked to have accompanied these statements. This, however, will be done by next mail, and meanwhile I beg leave to make the following remarks:—

The account has been constructed on the lines laid down in the Stock Agents' letters of the 26th October, 1889, and 15th April, 1890, laid before Parliament in Sessional Paper B.—14, 1890. After taking into account the various debits and credits up to the 31st January, the balance of advances to be recouped to the Public Account is found to be £60,462 1s. 6d. Then to this has to be added £3,800 for debentures of the 10-40 series still to come in, and an estimate of about £1,100 for expenses still to be brought to charge. Adding these amounts to the balance of £60,462 1s. 6d. previously stated, the total sum to be recouped amounts to £65,362 1s. 6d.

Now, in order to carry out the proposal I made in my telegram of the 14th instant,‡ it has been necessary to fix a round sum as the investment to be made for the Government in 3½-per-cent. stock. This sum, of course, depends on the price at which the stock should be taken over, and I propose that this should be the market price of the day, which (for such a sum) may, I think, be fairly taken at 96½. In fixing the equivalents to be offered to bondholders in the conversion of the sixes of 1891, the Stock Agents estimated that a cash loan might have been placed at 96, allowing for the chance of a drop of about ½ per cent. in the stock on the announcement of the issue; but the price has remained quite steady since, and I am now inclined to think a cash loan might have been placed at 96½. At that price it takes in round numbers about £68,000 in stock to meet the balance of £65,362 above mentioned, and I have accordingly fixed that amount, subject to your approval. The price of 96½ is, however, only taken now by me as a matter of account, in order not to delay making up the accounts, so that they may reach you by the 31st March as desired.

The Hon. the Premier, Wellington.

I have, &c.,
F. D. BELL.

* Printed with No. 8.

† Printed with No. 13.

‡ Referring to inscription of £68,000 in 3½-per-cent. stock to provide for expenses of conversion.