

Members of such associations are required to subscribe for share capital of amounts varying in proportion to the amount of the loans taken up by them. The minimum share capital for a member is twenty-five £1 shares, which will enable the shareholder to take up a loan up to £250, and for a larger loan he must take up shares to the nominal value of one-tenth of the amount of the loan. There is no joint and several liability for loans, and members of associations are not liable for the loans obtained by other members beyond the amount of the share capital which they have taken up. Provision is made for a member who has repaid his loan surrendering his shares and receiving their value, provided his retirement will not reduce the number of members below twenty. New members may also be admitted from time to time.

In practical effect the functions of associations are limited to obtaining advances from the Board to be re-lent to their members upon approved securities—mainly farming-stock and chattels—and to the administration of such loan accounts. Standard forms of memorandum and articles of association are prescribed for use by the associations. Their operations are also subject to special control in many respects by the Board, which, it is almost certain, will be the only creditor of the associations as regards the advancing of funds; but, on the other hand, in view of their special character it has been possible to relax many of the requirements which apply to other limited-liability companies.

With a view to keeping the working-expenses of associations at a minimum, express provision was included in the Act to the effect that there should be only one paid official of each association. In addition, directors are not entitled to receive any remuneration for their services, apart from any remuneration which a director may receive in the capacity of secretary-treasurer, except that they may be paid travelling-expenses and out-of-pocket expenses incurred in carrying out their duties as directors.

The purposes for which loans may be obtained by members of associations are the following:—

- (a) The clearing, fencing, draining, and general improvement of land in the occupation of the applicant:
- (b) The erection of buildings on any such land:
- (c) The purchase of implements, stock, seeds, plants, trees, and other things required in respect of the occupation and use of any land:
- (d) The payment of any mortgage, debt, or other liability of the applicant incurred in relation to farming operations:
- (e) Any other purpose in relation to farming operations that may be approved by the Board.

The maximum term for which advances may be granted under the Act is five years, and the rate of interest chargeable to borrowers must not exceed 7 per cent.

37. *Capital of Associations called up.*—Section 40 (2) of the Act provides that every subscriber to the memorandum of association of a co-operative rural intermediate credit association shall, as and when required by the Board to do so (being not later than one year after the incorporation of the association and before the granting of a loan to the subscriber), pay in cash not less than 5 per cent. of the value of the shares subscribed for by him. The Board has adopted the practice of requiring associations on formation to call up immediately 1s. per share in respect of the share capital, but so far it has not been necessary for associations to call up a larger amount of share capital.

38. *Preliminary Expenses of Formation.*—By section 18 of the Rural Intermediate Credit Act, 1927, the Minister of Finance is empowered to make advances up to £5,000 to the Board, to be applied by the Board in making loans to associations, in sums not exceeding £25 in each case, to assist the associations to pay preliminary expenses. Amounts so lent are free of payment of interest for the period agreed upon between the Board and the association, being not longer than ten years after the registration of the association, and no interest is payable by the Board in respect of moneys advanced to it under this section.

During the period up to the 30th June, 1929, loans totalling £365 2s. 3d. had been made to associations for the purpose of enabling them to meet the preliminary