

There has been a further substantial increase in the gross income of the Board, which amounted to £28,916 3s. 4d., as compared with £16,195 14s. 3d. for the year to 30th June, 1930. This income does not, however, include £7,578 2s. 2d. the income earned by the investments of the Rural Intermediate Credit Redemption Fund, which is credited direct to the Redemption Fund Account. The expenditure (including the interest paid on debentures) totalled £20,579 9s. 1d., as compared with £12,015 15s. 1d. for the previous year. In this year's accounts provision has been made for £885 estimated possible losses on advances. All loans have been thoroughly reviewed, and in all cases where it is considered that the security is in any way inadequate a reserve has been provided. Considering the volume of the investments and the present conditions affecting the securities upon which advances have been made, the amount which it has been thought prudent to set aside to provide for possible losses is extremely small.

The net profit for the year, £8,336 14s. 3d., has increased by almost 100 per cent. as compared with the profit for the previous year, £4,179 19s. 2d. This net profit, in accordance with section 39 of the Rural Intermediate Credit Act, 1927, has been appropriated in equal shares to the Rural Intermediate Credit Redemption Fund and the Rural Intermediate Credit Reserve.

The total investments and accrued interest thereon at 30th June, 1931, were £670,558 18s. 4d. This amount, however, includes the investments of the Rural Intermediate Credit Redemption Fund which have increased from £139,921 9s. 8d. at 30th June, 1930, to £149,604 17s. 5d. at 30th June, 1931.

The present investments of the Rural Intermediate Credit Redemption Fund are derived from—

One-third of advance of £400,000 from the Consolidated Fund under section 16 of the Act	£	s.	d.
One-half share of profits up to 30th June, 1930, appropriated in accordance with section 39 of the Act ..	133,333	6	8
Interest received and invested and interest accrued to 30th June, 1931	2,370	9	11
	13,901	0	10
	<u>£149,604 17 5</u>		

In addition, the Redemption Fund includes a further sum of £4,168 7s. 1d., representing the one-half share of profits for the year to 30th June, 1931, together with a small balance of interest, £2 1s. 5d., which is yet to be invested. The Rural Intermediate Credit Redemption Fund thus amounts in total to £153,775 5s. 11d.

The investments in the course of the Board's ordinary business amount to £489,210 12s. 10d., classified as follows:—

	£	s.	d.
Advances to associations under Part II ..	314,948	11	9
Advances to farmers under Part III ..	159,475	10	10
Bills discounted	14,786	10	3
	<u>£489,210 12 10</u>		

Temporary investments of funds not required immediately for payment of loans authorized amount to £23,400.

The figures published in Appendix I to this report show that there has been a steady increase in the Board's business. Owing to the large number of small loans and the necessity for the greatest care in the investigation of applications and in the supervision of advances upon the security of stock and chattels when granted, the Board realizes that its business must be somewhat costly to operate. This position was apparently anticipated by Parliament when the provision that the £400,000 to be advanced from the Consolidated Fund was to be free of interest for a period of ten years was included in the statute. The fact that the Board has been able to show a profit on the year's working is due to the use of £266,666 of this sum free of interest.