

currency of two years. The loans obtained under these provisions have been chiefly for the purchase of fertilizer and small quantities of additional stock and for meeting current seasonal expenditure. During the year the Board accepted the endorsements of six additional companies while the limits fixed for the acceptance of the endorsement of two companies were increased, four were reduced, and seven for adequate reasons were suspended or cancelled. From the inception of the system to the 30th June, 1932, the Board has accepted the endorsements of fifty-four companies.

33. *Alterations in Procedure.*—As mentioned in the Board's report for the year ended the 30th June, 1929, it was previously the Board's practice to allow dairy companies which endorsed promissory notes for discounting with the Board and arranged for appropriate deductions from the suppliers' milk cheques to apply the monthly payments received by them in retiring selected promissory notes, the Board granting rebates of interest on condition that the saving was passed on to the suppliers whose aggregate deductions were applied in retiring the promissory notes mentioned. During the year the Board decided to discontinue this practice, and amounts received from dairy companies are now applied in reduction of the amounts owing under the particular notes to which the repayments refer, and on the maturity of the notes each maker receives an appropriate rebate. The actual effect of the change in procedure so far as the farmers and endorsing companies are concerned will not be important, though a certain saving of work to the secretaries of the endorsing companies and a corresponding increase in the work carried out by the Board will result. For the additional work the Board will not make an increased charge.

Reference has been made in previous reports to the fact that although the Rural Intermediate Credit Act, 1927, authorized companies to guarantee loans under Part III of the Act notwithstanding that the necessary power might not be contained in their memoranda of association, no similar power was conferred on companies of endorsing notes for discounting with the Board. During the year Parliament amended the Rural Intermediate Credit Act, and conferred on companies the power to endorse notes and bills for discounting with the Board, notwithstanding that their memoranda of association might not allow them to do so; but the power may not be exercised unless the companies are authorized by special resolution to exercise it. The discounting provisions are now brought into line with those relating to direct loans, except that before a company may endorse notes or bills for discounting with the Board it is necessary for a special resolution to be passed authorizing the giving of the company's endorsement.

34. *Business transacted.*—The discounts effected during the year totalled £23,193, as compared with £15,894 for the year ended the 30th June, 1931, an increase of £7,299. The total discounts effected from the inception of the scheme to the 30th June, 1932, amounted to £58,691. The total value of notes and bills outstanding at the 30th June, 1932, was £15,733, as compared with an amount of £15,282 at the 30th June, 1931.

35. *Dairy Companies.*—Dairy companies continued to realize the advantages of the discounting system from the point of view of their suppliers, and rendered valuable assistance under this heading. The discounting system is particularly applicable to dairy-farmers, as it enables them to obtain loans of small amounts during the "dead" season of the year and to repay the amounts borrowed during the succeeding production season.

## FINANCE AND ACCOUNTS.

36. The accounting system makes provision for separate records to be kept of advances and transactions of each district board. The accounts of these district boards are incorporated in the central Board's general Profit and Loss Account and Balance-sheet, and a complete record of the Board's transactions is readily available.

Moneys not immediately required for the settlement of loans are temporarily invested and are available immediately they are required. The Board's funds are thus at all times profitably employed.

37. *Accounts to 30th June, 1932.*—The accounts reveal an increase in the gross income of the Board from £23,916 for the year ended 30th June, 1931, to £31,890. This income does not include £7,907 15s. 9d., the income earned by the investments