

At the 31st March, 1932, a sum of £368,902 18s. 9d. appropriated for the redemption of loans was lying at credit of the Loans Redemption Account, particulars being as follows :—

Finance Act, 1925, section 13—

Amount received in respect of war expenses, to be applied in redemption of	£	s.	d.
war loans	18,238	0	11

Public Revenues Act, 1926, section 135 (2)—

Amount received on account New Zealand share of German reparations, to be applied in redemption of war loans	127,632	2	5
--	---------	---	---

Public Revenues Act, 1926, section 135 (4)—

Amount received from Main Highways Account (Revenue Fund) for redemption of main highways loans	201,254	0	0
---	---------	---	---

Amount transferred from Ordinary Revenue Account for redemption of main highways loans (representing interest received on main highways moneys held in Loans Redemption Account)	10,748	15	5
--	--------	----	---

Amount received from State Advances Office for redemption of loans but not applied during the year	8,640	0	0
--	-------	---	---

Loans raised for redemption of securities but not applied during the year ..	2,390	0	0
--	-------	---	---

	£368,902	18	9
--	----------	----	---

New Zealand Consolidated Stock—Transfer of Interest Payments to Wellington.

Interest on New Zealand Consolidated stock is payable in London in terms of the contract under which the loans were raised. The following amounts of 3-per-cent. stock, 1945, were held in London on behalf of the holders named.

Amount of Stock.	Amount of Interest for Half-year.	Holder.
£ s. d.	£ s. d.	
2,260,495 11 1	33,907 8 8	Post Office Savings-bank.
625,900 0 0	9,388 10 0	Government Insurance Department.
200 0 0	3 0 0	Deposit Account—Nelson Rifle Prize Fund.
2,886,595 11 1	43,298 18 8	

The interest on this stock for the half-year ended 1st April, 1932, was payable in London on 31st March, 1932, to the Bank of England, but vouchers were submitted to Audit for the payment of the interest to the holders in Wellington on 1st April, 1932.

On inquiry it was found that it was not proposed to allow exchange on the interest in question, but as the amount was payable in sterling it appeared to the Audit Office that the holders of the stock were entitled to exchange at the current rate, and that, unless such exchange was allowed, the accounts of the Departments mentioned above would be prejudicially affected, and would not disclose the true result of the transactions. The position was represented to the Treasury, and it was arranged that the holders should be credited with the exchange earned, and the vouchers were accordingly passed for payment in Wellington.

As a result of payment in Wellington instead of in London, interest to the amount of £43,298 18s. 8d. which would normally have come to charge in the Public Accounts in the year ended 31st March, 1932, did not come to charge until the ensuing year.

Interest on Public Account Cash-balance Investments.

In previous reports I have drawn attention to the system of allocating the interest derived from certain investments to all the accounts within the Public Account instead of to those accounts only which provide the money for the investments. I append a statement showing the amounts allocated to each account during the year 1931–32. The allocation is made on an arbitrary basis, which in my opinion is not a correct one, as it has the effect of crediting the interest to accounts other than those by which such interest has been earned.