

Although the gross income was reduced by £6,811 to £22,854, the interest profit was only £2,045 lower at £15,609, owing to interest on debentures being £4,766 less at £7,245. This reduction was due principally to the repayment during the year of debentures amounting to £86,100 and to the operation for the full year of the maximum reduction of interest effected by the Finance Act, 1932–33, which operated for only nine months of the previous year.

46. The expenditure, including interest paid on debentures, totalled £17,124, compared with £26,249 for the previous year. The reduction was due principally to the lower charge for interest on debentures mentioned above, and to the fact that it was unnecessary to increase the reserves for possible losses on advances, to which £4,873 was added in 1933. All doubtful securities have been carefully reviewed, and it is considered that the existing reserves for possible losses amounting to £7,062 are adequate. The reserves made represent only 2·56 per cent. of the advances current at 30th June, 1934, £274,916, and only 0·66 per cent. of the total advances made to 30th June, 1934, £1,065,179. It has not yet been necessary to write off any losses of principal, and, having regard to the difficult farming conditions, the Board is fortunate in having to set aside such a comparatively small amount in respect of possible losses.

47. The net profit for the year was £5,729 13s. 4d., compared with £3,415 13s. 9d. for the previous year, when £4,873 was provided as an addition to the reserves for losses on advances.

In accordance with section 39 of the Rural Intermediate Credit Act, 1927, the net profit of £5,729 13s. 4d. has been appropriated in equal shares to the Rural Intermediate Credit Redemption Fund and the Rural Intermediate Credit Reserve.

48. The total investments, including accrued interest as at 30th June, 1934, amounted to £612,539, a decrease of £74,983 on the previous year's figures. This total includes the investments of the Rural Intermediate Credit Redemption Fund, which at cost amount to £181,687.

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 the 30th June, 1933, appropriated in accordance with section 39 of the Act ..	133,333	6	8
Interest received and invested and interest accrued to the 30th June, 1934	11,833	15	1
	36,520	1	11
	<hr/> £181,687 3 8 <hr/>		

The face value of the investments held and accrued interest thereon to the 30th June, 1934, is £182,823 19s. 11d., the additional amount of £1,136 16s. 3d. representing the premium received on conversion of Government securities held as at 31st March, 1933.

In addition, the Redemption Fund includes a further sum of £2,864 16s. 8d. representing half share of profits for the year to the 30th June, 1934, and a small balance of interest, £1 1s. 10d., not yet invested, making a grand total of £184,553 2s. 2d.

The investments in the course of the Board's ordinary business amount to £274,080 5s. 8d., classified as follows :—

	£	s.	d.
Advances to associations under Part II ..	195,551	19	1
Advances to farmers under Part III ..	76,266	7	3
Bills discounted	2,261	19	4
	<hr/> £274,080 5 8 <hr/>		

In the above table the advances are shown at the amount actually owing to the Board, but in the balance-sheet the sum of £7,062, representing reserves provided for possible losses, has been deducted from these figures.