

made to him of the difference over the last multiple of £10. The debenture-holder also signed a letter authorizing and requesting the New Zealand Shareholders Trust, Ltd., to pay over the purchase-price of the debentures to the Investment Executive Trust of New Zealand, Ltd., to be applied in payment for debentures in the Second Series.

101. According to the records of the New Zealand Shareholders Trust, Ltd., as at 30th June, 1934, the debentures of the Investment Executive Trust of New Zealand, Ltd., held by or due to be transferred to the New Zealand Shareholders Trust, Ltd., amounted, at par, to—

	£
" A " Series	17,050
" B " Series	248,500
	<u>£265,550</u>

102. Reference to the balance-sheet of the Investment Executive Trust of New Zealand, Ltd., as at 30th June, 1934, shows that the total paid up issue of " A " and " B " Series debentures was as follows :—

	£	s.	d.
" A " Series	25,990	0	0
" B " Series	304,851	13	1
	<u>£330,841</u>	<u>13</u>	<u>1</u>

103. Since 30th June, 1934, further " A " and " B " Series debentures have been acquired by the New Zealand Shareholders Trust, Ltd., and, moreover, a considerable number were held by the Sterling Investments Company (New Zealand), Ltd. The latest figures available to us are as follows :—

" A " Series debentures held by the Sterling Investments Company (New Zealand), Ltd., as at 30th June, 1934, paid up to	£
" B " Series debentures held by the Sterling Investments Co. (New Zealand), Ltd., as at 30th June, 1934, paid up to	540
" A " Series debentures held by the New Zealand Shareholders Trust, Ltd., as at 29th August, 1934, paid up to	20,353
" B " Series debentures held by the New Zealand Shareholders Trust, Ltd., as at 29th August, 1934, paid up to	17,550
	253,970
	<u>£292,413</u>

104. The funds for the purchase of First Series debentures of the Investment Executive Trust of New Zealand, Ltd., by the New Zealand Shareholders Trust, Ltd., were supplied out of the funds provided by the " Second B " Series debenture-holders of the Investment Executive Trust of New Zealand, Ltd. The New Zealand Shareholders Trust, Ltd., gave to the Investment Executive Trust of New Zealand, Ltd., debentures providing that the interest payable under such debentures should be the income received by the New Zealand Shareholders Trust, Ltd. Therefore, if there has been deducted from the income allocated to the debentures held by the New Zealand Shareholders Trust, Ltd., any income-tax not legally deductible, or any unauthorized administration charges then, in our opinion, the holders of " Second B " Series debentures have a claim against the Investment Executive Trust of New Zealand, Ltd., and/or its directors for refund of such amount.

105. The question as to the deductibility of income-tax and of certain administration charges has, in the past, been submitted by or on behalf of the Investment Executive Trust of New Zealand, Ltd., for legal opinion, and reference is made to this matter in paras. 218 to 227 of this report. In the meantime, we content ourselves with saying that the matter is very involved, and that in the books of the Investment Executive Trust of New Zealand, Ltd., only an approximation of income has been transferred to the credit of the " Second B " Debenture-holders' Income Account in respect of the investments in debentures of the New Zealand Shareholders Trust, Ltd.

" REDEMPTION " OF DEBENTURES OF THE INVESTMENT EXECUTIVE TRUST OF NEW ZEALAND, LTD.

106. The prospectus dated 12th March, 1931, provides :—

- " The holders of the " A " Series income debentures will have a first mortgage over the whole of the investments in the Series ."
- " The holders of the " B " Series income debentures will have a first mortgage over the whole of the investments in the Series ."
- " The whole of the proceeds of this issue less administration costs of the issue will be invested in the securities and investments authorized in each series."
- The " A " Series debentures and the " B " Series debentures both contain the following provision :—
 - " The company hereby charges with the due performance of its obligations hereunder : All stocks, debentures, and other investments and securities held by the company or on its behalf and forming or representing investments of the proceeds of sales of debentures in this Series ."