

the amount appearing in the books of the Sterling Investments Co. (New Zealand), Ltd., as owing to the British National Trust, Ltd., is £91,565.) It is, however, necessary to point out that the balance-sheet of the Sterling Investments Co. (New Zealand), Ltd., as at 30th June, 1934 (Exhibit "F" [not printed]), is endorsed with a note as follows:—

"In pursuance of an agreement the above credit balance of J. W. S. McArthur is to be transferred to the credit of J. W. S. McArthur in the books of British National Trust, Ltd."

The credit balance referred to in the above note is one of £28,557 10s. 10d., and, if the agreement is carried into effect, the British National Trust, Ltd., will become the only creditor of consequence of the Sterling Investments Co. (New Zealand), Ltd., and the assets of the Sterling Investments Co. (New Zealand), Ltd., will thus practically all form part of the security of the debenture-holders of the British National Trust, Ltd.

In view of the foregoing, we have for the purposes of this calculation assumed book value for the debt due by the Sterling Investments Co. (New Zealand), Ltd., to the British National Trust, Ltd., although, in our opinion, many of the assets of the Sterling Investments Co. (New Zealand), Ltd., will realize much less than their book value.

121. The sum of £294,701 arrived at in the preceding paragraph is available to meet	£
debentures issued by the British National Trust, Ltd., as at 30th June, 1934, and interest	
accrued thereon	415,583
Deduct Debentures held by the British National Investment Trust, Ltd., and interest	
accrued thereon, referred to in Section A (para. 119)	3,075
	<u>£412,508</u>

122. On the foregoing basis (£294,701 to meet secured liabilities of £412,508) the debentures of the British National Trust, Ltd., are worth approximately 14s. 3d. in the pound. On the basis of a £350,000 valuation of the building we consider this is a liberal estimate by reason of the values assumed for other assets, and that it is highly probable that the position has deteriorated since 30th June, 1934.

123. Section C—

<i>The Southern British National Trust, Ltd.</i>				£
Investments "A" Series—book value assumed .. .. .	..	..	..	2,168
Investments "B" Series sundries—book value assumed .. .. .	..	..	..	29,205
				£
Preference shares in the British National Investment Trust, Ltd. ..	..	55,000		
Add 10 per cent. premium referred to in Section A (para. 119) ..	..	5,500		
				<u>60,500</u>
Amount owing by the Investment Executive Trust of New Zealand, Ltd.—book value assumed .. .. .	..	..	..	322
Balance at bank .. .. .	..	..	..	1,098
Debentures of the British National Trust, Ltd.—nominal value ..	..	99,000		
Less "Owing" .. .. .	..	1,448		
				<u>97,552</u>
Add Interest accrued .. .. .	..	1,673		
				<u>£99,225</u>
£99,225 as above at 14s. 3d. in pound as per Section B (para. 122) ..	..	..		70,698
				<u>163,991</u>
Available to meet debentures .. .. .	..	..	..
				<u>£184,536</u>
Liability on debentures as per balance-sheet (Exhibit "M") .. .. .	..	..	..

124. On the foregoing basis (£163,991 to meet secured liabilities of £184,536) the debentures security is worth approximately 17s. 9d. in the pound.

125. In making the foregoing calculations we have not overlooked the fact that the debentures of the Southern British National Trust, Ltd., were issued in two series, an "A" and a "B," and it is, strictly speaking, necessary to consider the respective rights of the holders of debentures in the respective series. As, however, the paid-up value of debentures of the "A" Series is only £3,380 out of a total for both series of £184,536, this consideration does not materially affect the valuation.

126. In our opinion, the debenture-holders have in terms of the debentures issued to them, an unsecured claim ranking *pari passu* with ordinary unsecured creditors, against the general assets of the Southern British National Trust, Ltd., for any shortage in debenture security. It is, therefore, necessary to consider what sum in the pound should be added to the estimate of 17s. 9d. arrived at above.

127.		£
The total debenture liability of the Southern British National Trust, Ltd., as at 30th June, 1934, was .. .. .	..	184,536
Estimated available funds as arrived at above (para. 123) .. .. .	..	163,991
		<u>20,545</u>
Claim as unsecured creditors .. .. .	..
Other unsecured creditors as per balance-sheet as at 30th June, 1934 (Exhibit "M" [not printed]) .. .. .	..	3,284
		<u>£23,829</u>

NOTE.—Credit balances of J. W. S. McArthur and C. G. Alcorn amounting to £24,472 have not been taken into account in above as they are stated to be "in respect of shares to be subscribed."