



BANK OF NEW ZEALAND. SUVA.



BANK OF NEW ZEALAND SUVA, 1920.

## REPORT OF THE DIRECTORS OF THE BANK OF NEW ZEALAND

PRESENTED AT THE  
ORDINARY GENERAL MEETING OF THE PROPRIETORS, HELD AT  
THE HEAD OFFICE, WELLINGTON, ON FRIDAY, 16TH JUNE, 1905.

**Directors :**

F. DE C. MALET, (Chairman) (on leave), H. BEAUCHAMP, (Acting Chairman.)  
MARTIN KENNEDY. WM. MILNE. SIR JAMES PRENDERGAST. WM. WATSON.  
**General Manager :** ALEXANDER MACINTOSH. **Chief Auditor :** WILLIAM CALLENDER.

**London Board :**

RICHARD H. GLYN, (Chairman). W. T. HOLMES. FREDERIC LUBBOCK.  
**London Manager :** JAMES BAXTER. **London Auditor :** EDWIN WATERHOUSE.  
*(Price, Waterhouse & Co.)*

### REPORT.

The Directors submit herewith the Balance-sheet and Profit and Loss Statement of the Bank for the year ended 31st March last.

The profits, after providing for expenses of management, all bad and doubtful debts in the Bank's current business, annual donation to Provident Fund, and bonus to Staff, are

	£320,908 11 0
From this has to be deducted:—	
Interest on Guaranteed Stock (reduced in July, 1904, from £2,000,000 to £1,000,000)	51,977 13 4
	£268,930 17 8

Of this sum the Directors have allocated £15,000 17s. 8d. as follows:—	
In reduction of Bank of New Zealand Property, Premises and Furniture	£12,500 17 8
In reduction of Colonial Bank Property and Premises	2,500 0 0
	15,000 17 8

Leaving balance in Profit and Loss	253,930 0 0
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This the Directors propose should be disposed of as follows:—	
Statutory payment to Assets Realisation Board	£50,000 0 0
Dividend at the rate of 5 per cent. for the year ended 31st March, on £500,000 Preference Shares issued to the Crown in terms of "The Bank of New Zealand Act, 1903"	25,600 0 0
Dividend at the rate of 5 per cent. for the year ended 31st March on Share Capital paid up on that date (£452,370)	22,618 10 0
Leaving surplus payable to Assets Realisation Board in terms of "The Bank of New Zealand Act, 1903," Clause 15	156,311 10 0
(Of which £3,400 18s. 2d. has already been paid on account of Income Tax on Debentures)	£253,930 0 0

During the year Branches have been opened at Raetihi and Waipukurau, and Agencies at Edendale, Middlemarch and Ranfurly. The Agency previously open at Mangatainoka is now closed.

HAROLD BEAUCHAMP, ACTING CHAIRMAN.

# BANK OF NEW ZEALAND

BALANCE SHEET AT 31ST MARCH, 1905.

LIABILITIES.					ASSETS.												
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.						
CAPITAL—						Coin and Cash Balances at Bankers ..											
4% Guaranteed Stock ..			1,000,000	0	0						2,030,113	14	6				
Preference Shares fully paid up, issued to the Crown under "The Bank of New Zealand Act, 1903," Secs. 9 and 10 ..			500,000	0	0						94,033 1 1						
Ordinary Shares, 150,000, at £6 13s. 4d. ..	1,000,000	0	0														
(Called up to £3 6s. 8d. per Share)						Money at Call and Short Notice, Government Securities, and Other Securities in London ..											
Amount paid to date on 136,217 Shares ..			452,370	0	0						3,161,769	12	7				
											1,184,531 10 6						
											<u>4,346,301 3 1</u>						
Reserve Fund invested in New Zealand Consols ..						Investments in the Colonies—											
											Colonial Government Securities ..						
Notes in Circulation ..			784,171	0	0						844,131	5	0				
Bills Payable in Circulation ..			1,022,404	19	5						Municipal Securities ..						
Deposits ..			12,190,646	19	7						..						
Other Liabilities, including provision for depreciation in Investment Securities ..						94,983	14	1						28,653	6	1	
Balance of Profit and Loss ..						253,930	0	0						Assets Realisation Board Debentures ..			
												Bills Discounted ..					
												..					
												2,005,479			16	5	
												Other Advances and Securities and Debts due to the Bank ..					
												..					
												5,211,097			18	0	
												Landed Property, Premises, etc. ..					
												..					
												333,424			6	6	
												Bank of New Zealand Estates Company, Ltd., "Assets in Liquidation" (book value) ..					
												..					
												62,829			19	9	
												Colonial Bank Property and Premises ..					
												..					
												3,839			9	8	
												<u>£16,342,404 0 1</u>			<u>£16,342,404 0 1</u>		

## PROFIT AND LOSS.

£ s. d.					£ s. d.						
Annual Statutory payment at 31st March, 1904, paid to the Assets Realisation Board in terms of "The Bank of New Zealand Act, 1903," Section 15 ..	50,000	0	0								
Dividend at 5% for year ended 31st March, 1904, on Share Capital with call paid on that date (£425,613 6s. 8d.) ..	21,281	0	0								
Balance of Profits at 31st March, 1904, paid to the Assets Realisation Board in terms of "The Bank of New Zealand Act, 1903," Section 15 ..	129,022	0	0	200,303	0	0					
Twelve Months' Interest on Guaranteed Stock ..				51,977	13	4					
Amount written off Bank Premises ..				10,000	0	0					
Amount written off Colonial Bank Property and Premises ..				2,500	0	0					
Amount written off Furniture Account ..				2,500	17	8					
Balance for year ended 31st March, 1905 ..				253,930	0	0					
				<u>£521,211 11 0</u>							
							Balance from year ended 31st March, 1904 ..				
							200,303 0 0				
							Profits for year ended 31st March, 1905, including recoveries, and after payment of and provision for all interest due and accrued on deposits, provision for bad and doubtful debts in current business, donation to Provident Fund, and bonus to staff ..				
							509,130 8 0				
							LESS—				
							Salaries and Allowances at Head Office and 134 Branches and Agencies ..				
							119,953 2 2				
							Directors' remuneration, including London Board ..				
							3,000 0 0				
							General Expenses, including rent, stationery, travelling, repairs to premises, etc. ..				
							32,130 17 0				
							Audit Expenses Account ..				
							1,659 12 9				
							Rates, taxes, telegrams and postages ..				
							31,478 5 1				
							<u>188,221 17 0</u>				
							<u>320,908 11 0</u>				
				<u>£521,211 11 0</u>		<u>£521,211 11 0</u>					

## RESERVE FUND.

£ s. d.					£ s. d.				
Balance .. .. .					Balance from year ended 31st March, 1904 .. .				
43,897 7 0					23,987 2 2				
					Premium on sale of Forfeited Shares credited in terms of "The Bank of New Zealand Act, 1903," Section 21 .. .				
					19,910 4 10				
<u>£43,897 7 0</u>					<u>£43,897 7 0</u>				

W. CALLENDER, CHIEF AUDITOR.

A. MACINTOSH, GENERAL MANAGER.  
HENRY R. LAWRY, ACTING-ACCOUNTANT.

Date: this 1st day of June, 1905.

Dated this 27th day of May, 1905.

# REPORT

OF

PROCEEDINGS AT THE ORDINARY GENERAL MEETING OF THE  
 PROPRIETORS HELD AT THE HEAD OFFICE, WELLINGTON,  
 ON FRIDAY, 16TH JUNE, 1905.

MR. H. BEAUCHAMP, ACTING-CHAIRMAN OF DIRECTORS, PRESIDED.

In moving the adoption of the Report and Balance-sheet, the ACTING-CHAIRMAN said: It will be interesting, before I move the adoption of the Report and Balance-sheet, to make a comparison between the figures appearing in the Sheet now in your hands and those presented to you twelve months ago.

The progress has been steady.

**CAPITAL.**—You will observe that the 4 per cent. Guaranteed Stock shows a reduction of £1,000,000 on the figures at 31st March, 1904. This is due to redemption in terms of "The Bank of New Zealand Act, 1903," of the 4 per cent. Guaranteed Stock for £2,000,000 issued in 1894, which matured in July, 1904. Of that sum £1,000,000 was paid off at maturity, and fresh Capital Stock to the extent of £1,000,000 was issued, subject to the same terms and conditions as the Stock created in 1894.

Ordinary share capital has been increased £20,657, being restitution of capital through the sale of forfeited shares.

**RESERVE FUND.**—Here also an increase of £19,910 is shown, resulting from the addition of premiums on sale of forfeited shares, which, in terms of "The Bank of New Zealand Act, 1903," must be applied in augmentation of this Fund.

**BILLS PAYABLE** are less by £312,783; this has no special significance.

**DEPOSITS** show an increase of £1,834,718. To a considerable extent this is accounted for by a more than ordinary accumulation of Government Funds in the Colony, but the general deposits have also been substantially added to.

**COIN, BULLION, MONEY AT SHORT CALL AND BILLS RECEIVABLE** show an increase of £599,416, and I may here remark that the amount under this heading (plus the sum represented by Investments in the Colonies, and exclusive of the Assets Board's Debentures guaranteed by the Government) is equal to 52 per cent. of the Bank's total liabilities to the public, which discloses an exceptionally strong position.

**ASSETS REALISATION BOARD DEBENTURES.**—These now stand in the Balance-sheet at £1,382,500, a reduction of £417,500 during the year. The balance outstanding will be still further reduced by the sum of £156,311—the surplus profits of the Bank for the year ended 31st March, 1905, which will be paid over, upon the adoption of the Report and Balance-sheet, to the Assets Realisation Board in accordance with the law.

**BILLS DISCOUNTED** exhibit an increase of £90,827.

In **GENERAL ADVANCES** a steady increase is manifested, the difference between the figures of this and last year being £222,555.

**LANDED PROPERTY AND PREMISES** show a reduction of £8,538, notwithstanding the erection of new buildings at some points. All necessary alterations and repairs to premises have been effected out of revenue.

**ASSETS IN LIQUIDATION.**—I now come to a matter that has appeared for many years in our Balance-sheet under the heading of "Bank of New Zealand Estates Company Assets in Liquidation." The amount you will observe has been reduced to £62,829, and next year, in all probability, the total disappearance of this long-standing item will be announced to you. In connection with this it may be interesting to note that in 1897 this dependency stood in the books at £580,065; and here I may remark that the success which has lately attended the realisation of the securities held in this connection is in a measure due to the Board appointed by Parliament in 1902, under an Act passed at the request of the Bank, to deal with the East Coast Native Trust Lands, the debt on which formed a considerable portion of this particular asset.

The **BALANCE OF PROFIT AND LOSS** stands at £253,930 as against £200,303 for the previous year, and in referring to this important item it may not be out of place to make some allusion to a matter that was incidentally mentioned at our formal meeting in December last, viz., the very doubtful and, in the opinion of many, ill-advised action that led to such a violent disturbance of exchange rates. Fortunately, the volume of our exchange business has largely expanded, and had ordinary rates been maintained profits would have been materially affected for the better; as it is, the increased business has so far prevented very great alteration in our figures. It remains to be seen whether or not any better understanding can be arrived at for the future.

In connection with the cost of management, you will notice an increase in charges of £6,200.

Salaries are higher by .. .. .	£3,600
General Expenses, such as rent, stationery, etc. .. .. .	£1,300
Other items, consisting of rates, taxes, etc. .. .. .	£1,250

In an expanding business such as ours, working expenses must necessarily increase to some extent; but you may rest assured the strictest economy is observed.

By way of showing what has been done towards strengthening the Bank's position since 1895, it will not be out of place to repeat, by the production of some up-to-date figures, what was conveyed to you on a former occasion. After meeting all expenses and making full provision for every debt of a bad or doubtful nature in current business, we have paid out of profits, including the figures in the Balance-sheet now before us, the following amounts:—

To A.R. Board—Statutory payment of £50,000 per annum .. .. .	£500,000
To A.R. Board—Additional payments, being Balance of Profits .. .. .	£510,878
In reduction of "Assets in Liquidation" .. .. .	£139,988
In effacing from Balance-sheet "Debenture Conversion Account" .. .. .	£68,445
Wiping out Colonial Bank Goodwill Account .. .. .	£75,000
In reduction of Colonial Bank Property and Premises .. .. .	£24,500
In reduction of our own Bank Property, Premises and Furniture .. .. .	£84,305
A grand total of .. .. .	<u>£1,403,116</u>

**ASSETS REALISATION BOARD.**—The only liability that now confronts the Bank is that remaining to be provided for in connection with the disposal of properties under the control of the Assets Realisation Board. According to the most recent information supplied to us, the probable further contribution required from the Bank to clear up this matter, after crediting the amount of the Bank's surplus for the past year, is estimated at £158,882, so that you can therefore judge for yourselves how near we have approached to finality in this respect.

**FORFEITED SHARES.**—I now come to the question of forfeited shares. To date we have disposed of 8,433, which yielded such satisfactory prices as enabled us to add, as you will have seen, to our Reserve Fund £20,422 since the first sale of these shares in March, 1904.

It is the Board's intention to deal with the remainder, consisting of 13,783 shares, at an early date. These will be offered for sale by public tender, and such notice will be given as to enable the whole of the present Shareholders on the London and Colonial registers to submit offers. This course will doubtless result in a further substantial addition to the Reserve Fund.

And let me add, that so soon as the Assets Realisation Board deficiency has been determined, and we are free from the statutory injunction at present laid upon us in respect to disposal of profits, this most important Fund will, I hope, be largely and regularly augmented.

GENERAL REMARKS.

During the Bank's past financial year the Colony has been exceedingly prosperous, owing, chiefly, to the remunerative prices obtained for its products in the United Kingdom and elsewhere. Wool, especially, has touched higher values than those ruling for many years, and, although in respect to this staple, it is risky to assume the role of a prophet, I believe we may, safely look for remunerative rates for some time to come. The late enhanced prices, and the brighter outlook for the near future, are no doubt due, in a great measure, to the steady increase in the importation of wool, notably fine crossbreds, into the United States of America. In this connection permit me to give a short extract from an article which appeared in a recent trade journal. Under the heading, "American Wool Imports Larger," the writer of that article says:—

"Imports of wool into the United States continue to materially increase. Those for January last totalled over 25,000,000 lbs., or an increase of some 15,000,000 lbs. as compared with the corresponding month last year. For the seven months commencing on July 1st, the imports aggregated 109,412,000 lbs., against 81,785,000 lbs. during the previous year for the same period. The value of the imports in 1904-05 was £21,882,000, of which £5,696,000 represented clothing wools, £3,047,000 combing, and £12,239,000 carpet wools. It is gratifying to learn that the States are taking more wool"

As flocks of sheep in America are decreasing rapidly in proportion to the increase of population, I think it more than probable that, at no remote date, we shall find a profitable market in that country for frozen mutton, as well as wool.

The value of wool has such an important bearing upon the prosperity or otherwise of this Colony, that I do not think it out of place to give the number of bales exported and the value thereof for the past four and three-quarter years. They are as follows:—

Year ended 30th June.	Bales.	Value.	Average Value per Bale.
1901	387,995	£3,890,573	£10 0 6
1902	396,138	£3,079,271	£7 15 6
1903	432,536	£4,034,712	£9 6 6
1904	378,449	£4,313,018	£11 8 0
1905 (9 months to 31st March)	332,922	£4,591,380	£13 15 10

Owing to the date of our Annual Meeting, I can only quote the exports for the 1904-5 season for nine months. Still, during that period, the bulk of the year's clip has been shipped.

Our dairying industry continues to expand in a most satisfactory manner, as the following figures will show:—

EXPORTS OF BUTTER AND CHEESE.			
Year ended 31st March.	Cwt.	Value.	
1900	259,793	£901,959	
1901	293,705	£1,039,043	
1902	305,969	£1,173,216	
1903	337,807	£1,450,363	
1904	400,854	£1,623,354	
1905	425,436	£1,680,634	

Having regard to this expansion, it seems to me that in a very few years hence we may confidently anticipate our exports of butter and cheese will reach a value of not less than £2,000,000 per annum.

On the other hand, we must expect, for some time to come, a falling off in the quantity and value of frozen mutton, owing to the diminution in our flocks, which equals at 30th April, 1904, 2,061,921 sheep as compared with two years ago. In other words, on 30th April, 1902, the number of sheep in the Colony was 20,342,727, as against 18,280,806 on same date in 1904.

The great prosperity of farmers—pastoralists and dairymen—is, however, in my opinion, prompting them to pay excessive prices for land. They have apparently forgotten the days of adversity, and are now basing land values upon the assumption that the prices of produce ruling in recent years and now are going to be maintained indefinitely. Surely this is unwise, for history teaches us that we must look for and expect cycles of lean and fat years. Further, we have to face the great and increasing competition of the Argentine, whose exports of produce (similar to our own) are expanding by leaps and bounds. In making advances on land, I need scarcely tell you that we are not led away by what we consider to be the "boom" value so frequently placed thereon by owners.

It is gratifying to observe a revival of trade in Great Britain. The imports from foreign countries increased by £2,288,487 in 1904, as compared with 1903. In the same period the imports from British possessions exhibited the substantial increase of £6,391,750, while the exports to foreign countries increased £9,158,477, and to British possessions by £859,312—the total of the exports reaching the record of £300,817,897. I mention these facts because it is obvious that commercial and industrial activity in the United Kingdom ensures a strong demand for our food products.

Since the close of the South African War there has been a steady increase in the output of gold. During the current year it is estimated that the Rand alone will produce not less than £18,000,000. This is very favourably affecting the London money market, which this time last year was in such a depressed condition. On the 9th March last, the Bank of England discount rate was reduced to 2½ per cent. (a rate that has not prevailed since 1898), and it is possible, if nothing occurs to cloud the political horizon, that, in the near future, this will recede to the traditional minimum—2 per cent. The cheapening of money in the world's centre is causing all classes of Stocks to advance. For instance, Consols, which in November last fell to £87 15s. 0d., are now quoted at £91 7s. 6d.

Following the prudent policy of other Banks, we set aside last year, you will remember, the sum of £30,000 to cover depreciation in Stocks held by us. Fortunately we have since effected sales at a substantial advance on the written-down value, and these realisations, added to the improvement in the market, to which I have referred, place us in a position to release a large portion of the amount we then set aside for the purpose I have mentioned; to-day, however, the reserve of £30,000 is still intact.

THE CHAIRMAN.—Our Chairman, Mr. F. de C. Malet, left for England in January last, and expects to be absent from the Colony for about nine months. Whilst in England he will be associated with the London Board, who, no doubt, will benefit by his ripe experience and intimate knowledge of the Bank's affairs in New Zealand. Under appointment by my colleagues, I have the honour to fill the position of Acting-Chairman during Mr. Malet's absence.

THE GENERAL MANAGER.—Mr. Macintosh, after seven months' furlough, returned to headquarters in November last. When he was in London he spent a considerable portion of his time at our important Branch in that City, and you will be glad to learn that he was able to furnish a most satisfactory report as to the character of the business transacted by the Bank in the world's centre.

STAFF.—In concluding, I would like to place on record the Board's and my own high appreciation of the splendid services rendered to the Bank by its Staff at all points. Especially are we indebted to our able and zealous General Manager, Mr. Alexander Macintosh, whose duties are of such an onerous and responsible character. Our best thanks, too, are due to the Chairman of our London Board, Mr. R. H. Glyn, and his colleagues; also to our London Manager, Mr. Baxter,

and those officers associated with him, all of whom, I can say, from personal experience, are unremitting in their attention to the Bank's business.

I now beg to move the adoption of the Report and Balance-sheet.

MR. MARTIN KENNEDY seconded the motion. He congratulated the Acting-Chairman upon the exhaustive speech he had made in submitting the Report and Balance-sheet to the Shareholders, which relieved him of the necessity of adding many words. He could, however, heartily congratulate the Shareholders upon the great success of the Institution. The conditions which had hitherto absorbed most of the Bank's profits were now gradually disappearing. As the Chairman had pointed out, the deficiency to the Assets Realisation Board had now been reduced to £158,000. In the past yearly meetings, he (the speaker) had referred to the question of the extinction of this liability as a matter of speculation, but it had now been reduced to so small an item that the time when it would disappear altogether was within measurable distance. It was a moral certainty that the deficit of £158,000 would be cleared in the coming year. The assets in the Board's possession in March last were valued at £1,067,307, of which there were liquid assets to the value of £522,000, leaving £545,000 of land to realise. During the current year probably one-half of that would be sold, leaving only a comparatively small amount of land to come to the Bank in 1906 or 1907, when the Assets Board might be dissolved. He was looking forward to the time when the Bank would pay a higher dividend than 5 per cent., which was very small on its Ordinary Shares, considering that it had profits amounting to upwards of £300,000. A 5 per cent. dividend did not represent more than 1½ per cent. to the bulk of the Shareholders, the cost of whose shares was more like £20 than £3 6s. 8d., for in 1894, the £10 Share Capital was written off, a call of £3 6s. 8d. was written off, and a call of £3 6s. 8d. was also made, and the latter was the Share Capital upon which the present 5 per cent. dividend was paid. As long as the Assets Board existed—and it was reappointed last year for a further term of five years—no greater dividend than 5 per cent. could be paid; but there was a provision in the Act by which the Board could be retired as soon as that deficiency was paid off, and he hoped that this would be the policy followed by the Board of Directors. Whilst holding out a hope of a larger dividend to Shareholders, he agreed with the Acting-Chairman as to the need of building up a strong Reserve Fund, and he would go the length of saying that the dividend should not be increased in any year until £100,000 had been placed to the credit of the Reserve Fund, until that Fund reached £1,000,000, which could be applied to payment of the present Guaranteed Stock of £1,000,000, when it fell due in 1914. Then the Bank would be entirely free of financial obligations to the Colony. The Bank's net earnings now were greater than those of any other Bank in Australasia, in proportion to its capital, and under these circumstances should certainly pay a dividend at least equal to that of other Banks. As to the question of calling up the unpaid Capital, in his opinion, they would do better if the capital was all called up in due time—he did not say now, when the dividend was only 5 per cent., but later on, when, as he believed, the dividends would go up to 7, 8, or even 10 per cent. Then there would be no hardship in a call of £1 per annum, spread over a period of years. They hoped the Bank shares would be held largely in the future by people holding trust moneys or making provision for their families. Such people would hold them with much more satisfaction if there was no liability upon their shares. The right time to call the capital up would be in a season of prosperity, and not when there was a "slump."

Mr. Kennedy announced that his term of office would soon expire, and intimated that he proposed to offer himself for re-election (Hear, hear).

MR. T. W. MCKENZIE supported the motion. He considered the figures supported all that had been said of the Report. He was of opinion that they should not be over hasty in opening new branches. As to the Assets Realisation Board, there was no use entering into the question now, although his opinion was that it would have been better to have put it into the hands of the Bank, so that the money given to the Board would have gone to the Bank. But that was past now.

He was glad there were such good prospects for the Bank in the immediate future. He trusted that the Shareholders would realise that they would benefit by upholding the Bank in every way possible.

MR. T. S. WESTON said he wished, on behalf of the Shareholders, to express their congratulations to the Directors on the very successful year that had just passed. They were indebted to the Directors, and especially to Mr. Kennedy, for opening their eyes in the past to the prospective value of the shares, which had now enabled Shareholders, whose shares had cost them nearly £20, to recover some of the loss they had made. At present the Shareholders were largely concerned in the question of the Assets Realisation Board, and what Mr. Kennedy had said as to the policy he hoped the Directors of the Bank would adopt, was strongly supported by all. It would be a very anomalous, and, indeed, extraordinary position, if the Bank were to continue to pay every year to the Assets Realisation Board a sum approaching £200,000 in order to fill up a gap which did not exist. It would be very absurd, and he did not think Shareholders could be asked to support such a proposal.

With regard to the creation of a Reserve Fund, he thought they all agreed with Mr. Kennedy. There was £1,000,000 Guaranteed Stock to be paid off in about nine years from now, and he thought it would strengthen the position of the Bank that such borrowed capital should be paid off when it fell due. They could not expect to accumulate in the next nine years a Reserve sufficient to meet that £1,000,000, and the question was whether it was not advisable to gradually call up the capital unpaid on the shares at the present time. It would give greater confidence to the public to feel that the £1,000,000 was not represented by what might be called "borrowed capital," but by the Shareholders' own capital. It would not press unduly upon the Shareholders, as their shares now had a market value, and they could readily obtain the necessary money on their security. He, with many other Shareholders, thought the Directors should seriously consider this question. The Government had the whole of their shares paid up to £6 13s. 4d., and they had thus at present half of the paid-up capital of the Bank, although holding only one-third of the shares. By the Act of 1895 the reserve of £3 6s. 8d. was only to be called up in the event of there being any deficiency in the Assets Realisation Board, but by the Act of 1903 this uncalled liability was made permanent. Seeing that the Government Capital was £6 13s. 4d. on each share, it did not seem unreasonable that the whole of the Shareholders' capital should be called up. It might be said that the Bank should have a reserve of uncalled capital, but the Bank of New Zealand was somewhat differently situated from other Banks. It was carrying on business over a comparatively restricted area, closely in touch with Wellington throughout. The system of Local Directors and close inspection, due to the limited area of operations, together with the Government audit, was a kind of triple protection from the dangers of over-speculation or hazardous advances, and those dangers were thus very much minimised. He had been asked by several Shareholders to bring this point before the Directors, and to request that it should be considered in the near future. If there was any intention to meet that million Guaranteed Stock, the calls should be made shortly in small amounts extending over long periods. The Shareholders desired to thank the Chairman and the Directors for the careful manner in which they had looked after their interests, and especially Mr. Kennedy and Mr. Watson, who were their direct representatives.

MR. RICHARDSON said he did not see any harm in a certain amount of capital being called up; but he thought the question should be left with the Directors. He thought the prospect of putting shares on the market would militate against the possible price they would reach. They all thoroughly recognised the wonderful effect that had been brought about by the resuscitation of the institution.

DR. PRENDERGAST KNIGHT said he was quite in agreement with Mr. Weston, and he did not hold with Mr. Richardson that the proposal would militate against the price of shares.

THE CHAIRMAN said the Directors were only too pleased to receive any suggestions as to the policy of the Bank; but some of the suggestions made were, he thought, a little premature. The

Directors were impressed with the necessity of creating a Reserve Fund as rapidly as possible ; but as to the calling up of the unpaid capital, he thought that should stand over for a time. There was no hurry to consider it seriously, he thought, and when the debentures matured would be the time. But he thought it was always a source of strength to know that there was some uncalled capital, so that creditors could know there was something, in addition to the actual subscribed capital, which they could command in case of trouble. He stated that the Bank's shares in London that day were quoted at £6 10s.

The motion was then agreed to "*nem. con.*" and the Chairman intimated that the passing of the resolution carried with it the authorisation for the payment of the dividend declared. The dividend would be payable in Wellington on Monday, and at the Branches on receipt of advices.

On the motion of MR. RICHARDSON, seconded by MR. MCKENZIE, a cordial vote of thanks to the Chairman, the Directors, the General Manager, and the Staff was carried by acclamation, and briefly acknowledged by Mr Beauchamp and Mr. Alexander Macintosh.



BANK OF NEW ZEALAND, ROTORUA.

## REPORT

OF

### PROCEEDINGS AT THE HALF-YEAR GENERAL MEETING OF THE PROPRIETORS HELD AT THE HEAD OFFICE, WELLINGTON, ON FRIDAY, 15TH DECEMBER, 1905.

MR. F. DE C. MALET, CHAIRMAN OF DIRECTORS, PRESIDED.

THE CHAIRMAN, in addressing the meeting, said :

Our meeting in December is, as most of you are aware, to a large extent formal. No accounts are presented and the only business of importance is the election of a Director to represent the interests of Shareholders. Mr. Martin Kennedy is the Director retiring on the 31st March next, and being eligible for re-election he has given the necessary notice in terms of the Deed of Settlement and the By-laws for the conduct of the election. There being no other candidate I have pleasure in announcing Mr. Kennedy duly elected.

While it does not fall within the scope of this meeting to discuss the accounts of the Bank, the Directors are in a position from the Returns submitted to them, showing the results of the business of the Bank for the half-year ended 30th September last, to indicate generally the progress that has been made during that period. You will be pleased to learn therefore that the volume of business done continues to show satisfactory expansion, and there is every reason to believe that when the accounts for the whole year are made up on the 31st March next the results will prove entirely satisfactory.

The Colony is still enjoying a condition of great prosperity and the markets for most of our products are in a healthy condition. Particularly is this so in the case of wool and dairy produce, both of which are realising high prices. This will in a measure counteract the drop in the price of frozen meat on the London market.

It will be expected that on this occasion I should say something about the recent sale of forfeited shares in the Bank. As you are doubtless aware, the whole of these shares have now been sold, and I take this opportunity to congratulate Shareholders on the very satisfactory results achieved. There were originally 22,216 shares in the Bank's capital forfeited owing to non-payment of calls, and under "The Bank of New Zealand Act, 1903," provision was made for the re-issue of these shares as Ordinary Shares by the Bank, the Legislature imposing the condition that they should be disposed of by public auction or public tender at the best price obtainable. The first lot offered was a parcel of 500, which was put up for sale by public auction in Wellington on 16th March, 1904, at a reserve of £4 6s. 8d. per share, and sold at the reserve or a little over. This sale was followed by similar sales in Auckland, Christchurch and Dunedin, when satisfactory prices were also realised. On the 27th October, 1904, tenders were called for the purchase of 5,000 forfeited shares. This issue was largely over-subscribed, and the whole 5,000 were disposed of at an average price of £5 8s. A further lot of 3,000 was offered for sale by public tender on the 22nd December, 1904, and while no less than 7,657 shares were applied for the Directors did not consider it advisable to accept a lower price than £5; consequently tenders for 1,433 shares only were accepted, yielding an average price of £5 1s. 7d. per share. Encouraged by the success attending the previous sales, the Board decided in March last to offer the balance of the forfeited shares then remaining, some 13,783, for sale by public tender, allowing sufficient time for Shareholders and others residing in the United Kingdom and elsewhere to participate. Tenders closed on the 17th October last.