

FEDERATED MALAY STATES.

REPORT ON THE ACCOUNTS OF THE FEDERATED MALAY STATES FOR THE YEAR ENDED 31ST DECEMBER, 1924.

REVENUE.

1. The revenue for the year, which amounted to \$70,715,407, exceeded the expenditure by \$16,554,173, and was over the estimate by \$10,156,077.

The actual figures were as follows :

(a) Compared with expenditure—

Revenue	...	...	...	...	...	...	\$70,715,407
Expenditure	...	...	...	...	...	...	54,161,234
Revenue surplus	...	...	...	...	...	...	<u>\$16,554,173</u>

(b) Compared with estimates—

Revenue	...	...	...	...	...	...	\$70,715,407
Estimates	...	...	...	...	...	...	60,559,330
Over the estimates	...	...	...	...	...	...	<u>\$10,156,077</u>

2. The results as distributed between the four Federated States were as follows :

	Revenue.	Expenditure.	Revenue surplus.
Perak	\$31,916,267	\$24,595,605	\$7,320,662
Selangor	28,198,804	20,810,628	7,388,176
Negri Sembilan	7,420,418	5,723,383	1,697,035
Pahang	3,179,918	3,031,618	148,300
Totals	<u>\$70,715,407</u>	<u>\$54,161,234</u>	<u>\$16,554,173</u>

3. Actual revenue exceeded the estimates under every head.

The most notable excesses over the estimates were the following :

	Actual.	Estimated.	Surplus.
(a) Customs	\$22,692,469	\$17,576,950	\$5,115,519
(b) Fees of Court, Rents exclusive of Lands, Payments for Specific Services, and Reimburse- ments-in-Aid	4,255,718	3,168,415	1,087,303
(c) Interest	3,518,395	2,380,705	1,137,690
(d) Railways	16,210,202	15,000,000	1,210,202
(e) Miscellaneous Receipts	347,071	49,635	297,436

Under Customs, the yield from Tin Export Duty was \$5,293,624 in excess of the estimates, while Rubber Export Duty was down by \$671,322. Spirits and Tobacco were over the estimate by \$192,841 and \$95,408 respectively.

Under Excise, Chandu Sales realised \$182,125 in excess of the estimate of \$10,450,000.

Under Fees of Court, Rents, etc., the principal items of which revenue exceeded estimates were :

Widows and Orphans' Fund Contributions	...	...	\$93,316
Railways	...	...	223,502
Miscellaneous	...	...	68,525

The surplus of interest is attributable to the fact that there was no provision in Federal Estimates for Interest on Investments.

4. As the Railway transactions form so large an element in the general accounts it will be of interest to state specially the working results which were as follows :

Receipts	...	...	...	...	...	...	...	\$16,210,202
Payments	...	...	...	...	...	...	...	12,931,774
Surplus receipts	...	...	...	...	...	...	...	<u>\$3,278,428</u>

The surplus on miscellaneous receipts is due to the inclusion of \$203,384 being part profits on the sale of tin. The balance of such profits will appear in the 1925 revenue account.

Particulars of the revenue are shewn in the Statement of Receipts and Payments for the year 1924 forming Appendix I to this report.

EXPENDITURE

5. The total expenditure for the year amounted to \$54,161,234 against the estimate of \$59,878,864, a reduction of \$5,717,630.

This expenditure was distributed among the four States as follows :

	Actual.	Under the Estimate.
Perak	\$24,595,605	\$2,398,203
Selangor	20,810,628	2,560,867
Negri Sembilan	5,723,383	561,683
Pahang	3,031,618	196,877
Totals	<u>\$54,161,234</u>	<u>\$5,717,630</u>

6. The principal savings were made under the following heads :

Pensions	...	...	...	...	...	...	\$112,850
Civil Service	...	...	...	...	...	...	192,488
Agriculture	...	...	...	...	...	...	97,789
Clerical Service	...	...	...	...	...	...	112,903
Education	...	...	...	...	...	...	157,572
Exchange	...	...	...	...	...	...	100,700
Forests	...	...	...	...	...	...	307,706
Medical	...	...	...	...	...	...	961,507
Miscellaneous Services	...	...	...	...	...	...	285,482
Mosquito Destruction Board	...	...	...	...	...	...	180,295
Municipal	...	...	...	...	...	...	323,271
Police	...	...	...	...	...	...	197,557
Posts and Telegraphs	...	...	...	...	...	...	304,432
Prisons	...	...	...	...	...	...	126,136
Public Works Department	...	...	...	...	...	...	434,564
.. .. Annually Recurrent	...	...	...	...	...	...	146,438
Railways (Expenditure on Revenue Account)	...	...	...	...	...	...	1,470,355
Surveys	...	...	...	...	...	...	206,059

7. The only instance of importance where expenditure exceeded the estimate was under the head "The Rulers and Native Officers" where there was an excess of \$181,694.

The only unprovided items of importance occur under the head "Miscellaneous" and were :

Contribution to Rubber Growers' Association	...	...	\$100,332
Purchase of half-share Kuala Krau Rice Mill	...	...	170,000

In the case of "Exchange" no expenditure is recorded and the whole estimate of \$100,700 has thus been saved.

Attention is drawn to the fact that the expenditure figures for the Chinese Department and Clerical Service as shewn in the Receipts and Payments Account, Appendix I, are erroneous the former having been over-debited and the latter under-debited to the extent of \$10,177.

No expenditure has been included in these Accounts on account of Wembley Exhibition. An amount of \$184,000 was incurred and is being paid by special provision in 1925.

In concluding these comments on expenditure it is necessary to add that the propriety of certain charges included therein, amounting to \$1,457.28 in respect of passages for children over the age of 10 years is still under consideration.

BALANCE SHEET.

8. Being prepared on the lines of the double account system the balance sheet is shewn in two parts: (I) Loan Capital Expenditure Account and (II) General Balance which must be read in conjunction.

9. PART I—LOAN CAPITAL EXPENDITURE.—There have been no flotations during 1924 and consequently loan subscriptions remain at the same figure as shewn in the previous balance sheet, viz., \$80,185,714.

Loan Expenditure is divided into two main divisions: (a) Expenses of Flotation, \$5,888,164; and (b) Loan Expenditure on Works, \$31,548,615; this amount being the total to date.

Loan Expenditure for the year under review amounts to \$7,366,526 and is \$4,017,043 below the amount estimated to be spent. None of the loan spending departments were in a position to carry out the full programme, thus:

Public Works Department spent	\$3,062,458	out of a programme for	\$4,997,169
Posts and Telegraphs	98,292	„ „	348,000
Topographical Surveys	186,375	„ „	225,000
Railways Open Lines	100,065	„ „	199,284
Do. Construction	3,919,335	„ „	5,614,116

A comparison of this expenditure for 1924 with that of the preceding year is of interest as a guide to the progress of the two big spending departments, viz., Railways and Public Works Department.

	1923.	1924.	Increase.	Decrease.
Public Works Department ...	\$2,041,408	\$3,062,458	\$1,021,050	—
Railways (Construction) ...	6,086,901	3,919,335	—	\$2,167,566

The balance of this account, or amount of loan unexpended at 31st December, 1924, is \$42,748,935 and is carried to the liabilities side of the general balance sheet.

10. PART II—GENERAL BALANCE SHEET.—The balance sheet discloses an excess of assets over liabilities amounting to \$52,196,550 and it will be noted that over \$45,000,000 of the assets are represented by cash and bank balances and funds at short call, viz.:

Cash in Treasuries and Banks ...	...	...	...	\$ 6,420,879
„ with Agencies ...	...	...	...	2,037,740
„ in Transit ...	...	...	...	227,937
Fixed Deposits ...	...	...	...	7,250,000
Advances at Call and Temporary Investments by Crown Agents ...	...	...	...	29,828,312
				<u>\$45,764,868</u>

In comparison with the previous year it will be observed that the surplus has increased by \$16,554,173 and the available cash balances by \$16,556,180.

11. LIABILITIES.—It will be seen that the figure shewn as outstanding on Capital Account against the Straits Settlements Sterling Loan, i.e., \$42,748,935 represents the balance of the loan still unspent. I have referred to this in paragraph 9 (*supra*). Appendix 3 attached shews the amount of indebtedness of the Federated Malay States Government on account of loans. It will be observed that only the Straits Settlements Government 7 per cent. Loan, 1926, appears among the liabilities in the balance sheet. This is explained by the fact that the loan is not a funded debt, differing in that respect from the sterling loans referred to in the next paragraph. It will be observed that repayment of this debt is specifically provided for by a specially earmarked investment in the asset side.

12. With regard to the two Sterling Loans, i.e., the “6 per cent. 1936-51” and the “4½ per cent. 1935-45” it may be remarked that they are omitted from the general balance sheet following the procedure under Colonial Regulation for dealing with funded debts and sinking funds.

The repayment of both these loans is provided for in the authorising Enactments, and Sinking Fund contributions, due to begin in 1925, are provided for in the estimates for that year.

A reserve of \$120,000 was created in 1923 against the loan to the Sand Lime Brick Company. This reserve has not been included separately among the liabilities but has been deducted from the corresponding asset included under “Miscellaneous Loans” \$1,273,604.

The item \$642,347 shewn as due to India includes an amount of \$392,645 which is under dispute in connection with charges on account of Burma Rifles.

13. ASSETS.—(i) Cash, bank balances and local investments have been verified, while Crown Agents' investments are supported by the certificate of the Comptroller and Auditor-General.

Government Stores and Materials are checked by Boards of Survey and by Stock Verifiers.

(ii) Loans to Unfederated States and Brunei \$4,752,428 includes \$3,021,429 owing by Kelantan.

(iii) Stores and Materials. It must be stated that the item \$384,867 does not represent the value of the Posts and Telegraphs Stores and Materials. It is merely the balance of an unadjusted Suspense Account.

The Stock Valuation Sheets for the Department were not available at the time the Treasury accounts were closed. These have only been submitted quite recently for audit. They show a value of \$424,003. This amount, however, differs from the Stores Superintendent's ledger account balance of \$409,146 by \$14,857. The difference is under investigation.

(iv) The estimated loss of \$200,000 incurred on the working of the Railway Timber Department which was referred to in paragraph 14 of my last annual report still remains uncleared and the amount is now put at approximately \$300,000.

(v) Sundry Assets \$50,494 represents the value of Malayan Oil Mills machinery held by the Government.

While the position as disclosed in the balance sheet is satisfactory, it is proper to point out that caution is necessary. Not only must the Treasury maintain sufficient cash to finance future loan requirements, viz., the loan account liability of \$42,748,934, but it is not to be overlooked that at present certain expenditure now met by loan will have to be financed from revenue and this additional expenditure may run concurrently with the loan repayments, certainly for a period, while the completion of the loan works will involve increased annually recurrent expenditure on maintenance.

MANNER IN WHICH ACCOUNTS ARE KEPT.

14. There is nothing requiring particular comment under this head. The system of accounts and book-keeping apart from one-twelfth system follows the Colonial Regulations and no change of importance was made during the year.

DEFALCATIONS.

15. The total defalcations during the year amounted to \$3,044. Of this sum \$1,638 has been recovered and \$1,195 has been treated as a loss. The balance \$210 may possibly be recovered and the matter is under correspondence. The statistics are as follows:

Department.	No. of Defalcations.	Amount.	Recovered.	Written off.
Railways	7	\$1,722	\$ 570	\$1,152
Courts	1	43	—	43
Fisheries	1	211	—	—
Trade and Customs ...	1	167	167	—
Posts and Telegraphs ...	1	901	901	—
	11	\$3,044	\$1,638	\$1,195

NATURE AND EXTENT OF AUDIT.

16. While the audit of the public revenue is of a detailed nature public expenditure is partly test only. Much special auditing of accounts of a commercial nature was undertaken in connection with Damar Trading, Timber Accounts, Government Factory, Chandu Department, Planters' Loan Board, Electric Light.

GENERAL.

17. The Auditor-General went on long leave in April and during his absence Mr. H. B. Polglase acted on his behalf till 31st July, when he was replaced in August by Mr. F. A. S. MacClelland.

Mr. Bradney returned from leave in November.

18. Messrs. H. B. Polglase, A. O. Wilson, E. W. N. Wyatt and P. T. Allen have successively acted as Assistant Auditor-General during the year.

19. Mr. R. MacDonald seconded to this department from the Crown Agents in September took charge of the railway audit at the end of the year.

KUALA LUMPUR,
26th May, 1925.

G. P. BRADNEY,
Auditor-General, Federated Malay States.

STATEMENT SHOWING THE REVENUE AND EXPENDITURE FROM THE 1ST JANUARY, 1924, TO THE 31ST DECEMBER, 1924, COMPARED WITH THE ESTIMATE FOR 1924, AND WITH THE REVENUE AND EXPENDITURE FOR THE CORRESPONDING PERIOD PREVIOUS YEAR.

Head of Revenue.	From 1st January to 31st December, 1924.	Estimates, 1924.	From 1st January to 31st December, 1923.	Head of Expenditure.	From 1st January to 31st December, 1924.	Estimates, 1924.	From 1st January to 31st December, 1923.
	\$ c.	\$ c.	\$ c.		\$ c.	\$ c.	\$ c.
Land Revenue (a)	3,759,208 88	3,513,230 00	3,668,631 52	Charges on Account of Public Debt	5,325,508 50	5,322,473 00	5,410,637 19
Customs (b)	22,692,468 98	17,576,950 00	18,439,574 31	Pensions, Retired Allowances, Gratuities, etc.	2,080,759 39	2,193,609 00	1,889,845 21
Licences, Excise and Internal Revenue not otherwise classified (c)	14,206,306 76	13,824,729 00	14,300,528 37	The High Commissioner	9,428 10	11,000 00	52,072 85
Fees of Court or Office, Rents exclusive of Lands, Payments for Specific Services and Reimbursements-in-Aid	4,255,718 08	3,168,415 00	3,953,673 50	The Rulers and Native Officers	881,144 74	699,451 00	843,985 05
Interest	3,518,394 70	2,380,705 00	2,797,338 70	The Chief Secretary	67,291 31	77,345 00	51,364 28
Miscellaneous Receipts	* 347,071 39	49,635 00	71,113 15	The Residents	71,929 51	76,737 00	60,324 34
Municipal (d)	2,069,626 70	1,971,646 00	2,116,270 61	Civil Service	1,326,830 14	1,519,318 00	1,349,572 56
Forests	1,565,502 43	1,339,800 00	1,249,254 81	Agricultural Department	630,643 70	728,433 00	581,901 15
Posts, Telegraphs and Stamps	1,714,794 84	1, 84,000 00	1,640,749 43	Audit	56,736 30	63,595 00	54,115 16
Railways	16,210,201 90	15,000,000 00	14,675,105 92	Bands	20,000 00	19,000 00	18,820 00
Land Sales	376,112 65	150,220 00	251,268 12	Chinese Departments	126,078 05	131,800 00	112,471 32
Sale of Property ... ..	...	...	788,623 35	Clerical Service	1,578,923 94	1,702,005 00	1,534,242 83
Total ...	70,715,407 31	60,559,330 00	63,952,131 79	Commissioner of Lands	1,838 19	5,348 00	1,375 38
				Courts	182,895 31	160,488 00	151,470 08
				Customs and Excise	1,017,870 06	1,004,711 00	775,314 07
				District and Land Officers (including Settlement Officers)	813,151 94	880,930 00	515,796 36
				Education	1,801,327 16	1,958,899 00	1,474,404 28
				Exchange ... ..	...	100,700 00	4,223 82
				Fisheries Department	10,004 21	10,820 00	10,830 70
				Forest Department	653,019 49	960,725 00	612,894 80
				Geological Department	34,445 15	47,785 00	29,593 50
				Government Gardens and Plantations	64,418 39	62,362 00	60,064 50
				Labour Department	89,253 15	109,710 00	78,534 25
				Legal Adviser	5,554 64	6,946 00	5,599 24
				Malay Officers	73,605 65	90,801 00	76,311 54
				Marine	176,147 84	182,880 00	220,017 57
(a) Land Revenue—				Medical	3,412,112 77	4,373,620 00	3,028,649 44
Land Rents (Recurrent)	2,926,879 34	2,854,420 00	2,863,720 69	Military Expenditure	1,033,909 87	1,033,392 00	802,704 39
Other Items	832,329 54	658,810 00	804,910 83	Mines Department	373,381 76	442,638 00	388,222 66
Total ...	3,759,208 88	3,513,230 00	3,668,631 52	Miscellaneous Services	3,566,054 18	3,851,536 00	4,827,553 69
				Mosquito Destruction Boards	215,041 25	395,336 00	179,829 91
				Municipal	1,702,570 48	2,025,841 00	1,628,362 44
(b) Customs—				Museums	60,557 72	80,540 00	81,932 64
Export Duty on Tin	12,543,624 07	7,250,000 00	8,265,194 76	Official Assignee	6,454 79	9,051 00	6,939 10
" Rubber	4,228,677 63	4,900,000 00	4,664,374 24	Police	2,818,672 51	3,016,229 00	2,823,887 94
Import Duty on Tobacco	2,595,107 73	2,500,000 00	2,473,842 01	Posts and Telegraphs	1,602,633 65	1,907,066 00	1,659,326 75
" Spirits	1,692,840 84	1,500,000 00	1,576,432 33	Printing Department	236,896 24	300,938 00	195,338 39
Other Items	1,631,918 71	1,426,950 00	1,459,730 97	Prisons	450,203 43	576,339 00	440,248 58
Total ...	22,692,468 98	17,576,950 00	18,439,574 31	Public Works Department	2,006,817 97	2,441,381 00	1,745,435 57
				Public Works Annually Recurrent	4,614,712 46	4,761,150 00	4,200,887 94
				Public Works Extraordinary (Revenue a/c)	154,820 94	143,128 00	241,968 90
				Purchase of Land	69,417 33	23,000 00	15,368 30
(c) Licences—				Railways (Expenditure on Revenue a/c)	12,931,774 09	14,402,129 00	12,964,757 07
Sale of Chandu	10,632,125 22	10,450,000 00	10,811,741 21	Surveys	1,133,718 25	1,339,777 00	1,176,012 81
Other Items	3,574,181 54	3,374,729 00	3,488,787 16	Town Planning	55,604 25	37,639 00	34,622 57
Total ...	14,206,306 76	13,824,729 00	14,300,528 37	Transport	591,534 39	559,400 00	392,200 69
				Treasury	14,738 44	16,198 00	14,928 73
				Widows and Orphans' Pensions and Public Officers' Guarantee Fund	3,989 16	3,732 00	611 92
(d) Municipal—				Valuer-General	6,813 37	10,933 00	...
General Assessment	948,632 62	1,019,450 00	1,091,453 36				
Other Items	1,120,994 08	952,196 00	1,024,817 25				
Total ...	2,069,626 70	1,971,646 00	2,116,270 61				
				Total ...	54,161,234 16	59,878,864 00	52,825,572 46

* Includes part profit on sale of Tin \$203,384.39; the balance of profit \$644,664.85 received in January, 1925, will appear in 1925 accounts.

Examined, G. P. BRADNEY,
Auditor-General, F.M.S.

Cr.

STATEMENT OF LOAN CAPITAL WORKS EXPENDITURE FOR PERIOD 1st JANUARY TO 31st DECEMBER, 1924, COMPARED WITH THE ESTIMATES, 1924, AND TOTAL EXPENDITURE TO 31st DECEMBER, 1924.

Examined,

G. P. BRADNEY,
Auditor-General, F.M.S.

APPENDIX II—(*cont.*)

PART II.—GENERAL BALANCE SHEET, 31ST DECEMBER, 1924.

	\$	c.		\$	c.
Capital Account (Straits Settlements Sterling Loan) Balance at credit thereof (a)	42,748,934	58	Cash in Treasuries and Banks as per distribution statement	6,420,879	09
Composition Stamp Duty Fund, 4½ per cent. Loan	273,010	30	Cash with Agencies—		
Sundry Outstanding Account	724,548	14	Crown Agents	\$ 89,400.14	
Straits Settlements Government War Service			F.M.S. & S.S. Joint a/c, India	34,233.77	
Land Grant Scheme	2,295	36	Malay States Information Agency	9,004.54	
Due to India	642,347	76	Penang Agency	728,872.94	
Due to Singapore	5,838	13	Singapore Agency	1,176,228.82	
Ceylon Agency Account	32,875	41			
Family Remittances	4,034	26	Cash in Transit	2,037,740	2
Bentong Tailings Retention Scheme	65,110	83	Fixed Deposits	227,936	92
Deposits—			Advances at call and other temporary investments	7,250,000	00
Courts	\$127,944.33		by Crown Agents	29,828,311	84
Forests	129,246.86		Composition Stamp Duty Fund, 4½ per cent. Loan		
Land	262,348.38		with Crown Agents	273,010	30
Postal	268,881.79		Due by other Governments—		
Miscellaneous	861,631.71		Ceylon	\$ 389.39	
	1,650,053	07	India	20,154.04	
Sundry Funds—			Johore	21,237.42	
Bailey Fund... ..	\$ 938.25		Kedah	80,966.06	
Police Fine and Reward Fund	26,619.90		Kelantan	141,821.02	
Public Officers' Guarantee Fund... ..	214,484.23		Perlis	454.79	
Red Cross Fund	97,461.75		Trengganu	13,899.56	
Miscellaneous	31,592.85				
	371,096	98	Sundry Outstanding Account	278,922	28
War Savings Certificates, 1924-1927	81,456	54	Family Remittances	478,997	92
Straits Settlements Government 7 per cent. Loan,				852	98
1926	15,000,000	00	Investments (Surplus Funds):		
Suspense	13,543	92	S.S. Municipal Debentures (at cost)	27,300	00
Capital Fund—Bagan Serai Rice Mill	302,429	73	Investments specially ear-marked for the		
" F.M.S. Government Factory	400,000	00	redemption of Straits Settlements 7 per cent.		
Surplus	52,196,550	39	Loan, 1926	13,871,914	44
			Investments (Specific Funds) (at cost):		
			Bailey Fund	\$ 938.25	
			Police Fine and Reward Fund	26,226.75	
			Public Officers' Guarantee Fund	171,696.02	
			Red Cross Fund	96,555.36	
			W. & O. Contribution Account	1,640.00	
				297,056	38
			Investments War Savings Certificates (at cost) ...	66,056	54
			Loans—		
			Siamese Government (b)	\$38,790,111.69	
			Unfederated States and Brunei	4,752,428.57	
			Planters	2,474,824.00	
			War Service Land Grant Scheme... ..	1,461,900.06	
			Miscellaneous	1,273,604.62	
				48,752,868	94
			Advances	121,948	62
			Imprests	69,586	45
			Marine Slipway Account	47,071	09
			Museums, Natural Products Account	1,000	00
			Furniture Making Account, Forest Department ...	2,222	51
			Timber Account, Forest Department	308,150	59
			Stores and Materials, Railways	2,406,118	44
			" " Account, Post Office	384,867	47
			Stores and Furniture Account, P.W.D.	29,989	43
			Stores Account, Marine Slipway	26,250	04
			Sundry Assets	50,494	69
			Inter-Treasury Accounts	30	07
			Suspense	552,118	43
			Bagan Serai Rice Mill	302,429	73
			F.M.S. Government Factory	400,000	00
	114,514,125	40		114,514,125	40

NOTES:

NOTES:

(a) The Straits Settlements Sterling Loan, the first two instalments of which totalling £9,355,000 (\$80,185,714.29) have been fully subscribed, appears on the credit side of the Capital Account (*vide* V). The expenses of issue of the loan and expenditure on works authorised to be carried out from loan funds appear on the debit side of the same account, the loan being repayable by Sinking Fund, the instalments of which are to be provided out of revenue.

(b) Repayment of this loan of \$39,685,714.30 by 26 yearly instalments commenced on 1st January, 1924.

DISTRIBUTION OF CASH BALANCES ON 31st DECEMBER, 1924.

														Amount.	Total.		
														\$	c.	\$	c.
In Treasuries—																	
Federal	...	...	...	...	...	...	...	...	...	...	...	...	...	8,662	73		
Perak	...	...	...	...	...	...	...	...	...	...	...	...	...	147,204	61		
Selangor	...	...	...	...	...	...	...	...	...	...	...	...	...	38,312	89		
Negri Sembilan	...	...	...	...	...	...	...	...	...	...	...	...	...	70,407	90		
Pahang	...	...	...	...	...	...	...	...	...	...	...	...	...	156,016	67		
In Banks—																	
Federal	...	...	...	...	...	...	...	...	...	...	...	...	...	4,330,692	10	420,604	80
Perak	...	...	...	...	...	...	...	...	...	...	...	...	...	779,489	15		
Selangor	...	...	...	...	...	...	...	...	...	...	...	...	...	413,484	78		
Negri Sembilan	...	...	...	...	...	...	...	...	...	...	...	...	...	273,391	86		
Pahang	...	...	...	...	...	...	...	...	...	...	...	...	...	203,216	40		
																6,000,274	29
																6,420,879	09

Examined,

G. P. BRADNEY,
Auditor-General, F.M.S.

26th May, 1925.

APPENDIX III.
LOAN SCHEDULE.

Name.	Issue Rate.	Repayable.	Amount.	Enactment No.
6 per cent., 1921	897	1936-1951	\$44,185,714.29	14 of 1921
4½ „ 1922	95	1935-1945	36,000,000.00	17 of 1922
7 „ 1921	Par	1926	15,000,000.00	13 of 1921

26th May, 1925.

G. P. BRADNEY,
Auditor-General, F.M.S.

