actual losses off their trading capital, and provide for their prospective losses by insurance or by setting aside a reserve; but he is absolutely certain upon this point: that the Public Trust Office, so far as it is a trading "concern, is trading without capital, but upon a guarantee by the Consolidated Fund, *and therefore no loss*—even real, much less prospective loss—*can be written off its books without* the consent of Parliament;" and, moreover, he adds, with great solemnity, "it would have been my duty to prohibit any such dealing with the accounts." Happy Mr. FitzGerald! Encased in a triple armour of contempt for all ordinary and regular systems of audit, ignorant of commercial usage, and with a blind belief in the omnipotence of his own office, he is supremely unconscious of the folly he utters.

The Expenses Account of the Public Trust Office is similar to the Profit and Loss Account of an ordinary business. Such an account in every commercial house, in every trading and finance company, and in every bank is debited not only with each ascertained loss, but with an estimated amount for each prospective loss, incurred during the year, in order that a true and faithful account of the result of the year's trading may be arrived at. If the Profit and Loss Account shows a balance to credit, that balance is carried to the Capital Account, which is increased by the amount; if, on the other hand, the year's trading has resulted in a loss, the account appears in debit, and the amount of such debit is the amount by which the capital of the concern has suffered. It is impossible in any accurate system of commercial or banking book-keeping to write off any amount for losses, real or prospective, without first passing such amount through the Profit and Loss Account.

The Auditor-General has, however, a convenient if not a defective memory. He states that it is his duty to prohibit the writing-off of losses without the consent of Parliament. He has forgotten that, without any vote by Parliament, he altered the balance-sheet of the Public Trust Office, dated the 31st December, 1890. *Vide* his answer to question No. 5457: "I think you told the Commissioners that you altered the last balance-sheet?—That is quite true. We required the losses in Hatfield's estate to be carried into the balance-sheet. *All the losses when they have occurred are brought into the accounts*, but not the prospective losses likely to occur." He has also forgotten the fact that the accounts of the Public Trust Office for the year ended the 31st December, 1890, and which have been presented to Parliament, have the following entry:—

Public Trust Office Expenses Account.

Disbursements.	£	s.	d.
On account of transactions of previous years—			
Expenses in connection with confirmed leases	824	9	3
Interest paid to E. Hackett	20	17	7
Amounts paid on account of estates	164	14	11
Unauthorised—			
Judgment and costs, Hatfield *v.* Public Trustee ..	942	1	7
Deficiency on sale of realty mortgaged	181	7	0

What does all this show? That the Auditor-General knows practically nothing of the accounts of the Public Trust Office, and has committed himself to expressions of opinion respecting matters upon which a profound silence on his part would have been far more becoming. As to the particular case which he instances of a property mortgaged to the Public Trust Office for £4,000 being foreclosed and purchased by the Public Trustee for £500, and his contention that the Public Trust Office has a right to regard that as a good investment for £4,000, is he aware that, instead of £4,000, the security has actually cost the Public Trust Office £5,300? Is he aware that it was leased for three years at a rental of £50 per annum, and has just been re-leased for another three years at the same rental? Is he aware that the Public Trust Office is only getting 1·136 per cent. per annum in lieu of 7 per cent. per annum on the money originally advanced? Is he aware that the Public Trust Office was so ashamed of their conduct in connection with this very matter, and so afraid of its being investigated, that they actually, after the sale of the property, out of their general office funds, paid back to an estate £2,088 of Trust moneys which they had taken from the estate to lend upon this very property? Is he aware that the property would not under any circumstances bring the sum of £1,000 if put upon the market to-day? And will the Auditor-General calculate what this particular property will have cost the Public Trust Office if held, as he suggests, for a few years, seeing that its capital cost is £5,300, that interest ought to be charged against it at least at the rate of 5 per cent. per annum, and that the revenue for some few years from it will be, if regularly paid, the munificent sum of £50 per annum?