

1895.
NEW ZEALAND.

BANK OF NEW ZEALAND.

(REPORT OF JOINT COMMITTEE APPOINTED TO EXAMINE INTO AND REPORT UPON THE BANK OF NEW ZEALAND ESTATES COMPANY AND ITS RELATION WITH THE BANK OF NEW ZEALAND.)

ORDERS OF REFERENCE.

Extract from the Journals of the Legislative Council.

THURSDAY, THE 15TH DAY OF AUGUST, 1895.

Ordered, That a Select Committee of six members be appointed, with power to confer with any similar Committee appointed by the House of Representatives. The Committee to examine into and report upon the Bank of New Zealand Estates Company, and its relation with the Bank of New Zealand; to inquire how, in the colony's interests, the two institutions can best be separated, and how the earning power of the Bank of New Zealand may be increased, its stability insured, and its usefulness extended: the Committee to have power to call for persons and papers, and to report within one week: such Committee to consist of the Hon. Mr. Bowen, the Hon. Dr. Grace, C.M.G., the Hon. Mr. Kelly, the Hon. Mr. McLean, the Hon. Mr. Stevens, and the Mover.—(Hon. Mr. MONTGOMERY.)

Extract from the Journals of the House of Representatives.

FRIDAY, THE 16TH DAY OF AUGUST, 1895.

Ordered, That a Select Committee of six members be appointed, with power to confer with any similar Committee appointed by the Legislative Council. The Committee to examine into and report upon the Bank of New Zealand Estates Company and its relations with the Bank of New Zealand; to inquire how, in the colony's interests, the two institutions can best be separated; and how the earning-power of the Bank of New Zealand may be increased, its stability insured, and its usefulness extended: the Committee to have power to call for persons and papers, and to report within one week. Such Committee to consist of Captain Russell, Sir R. Stout, the Hon. Mr. Ward, the Hon. Mr. McKenzie, Mr. Buchanan, and the Mover.—(Hon. Mr. SEDDON.)

Extract from the Journals of the Legislative Council.

TUESDAY, THE 20TH DAY OF AUGUST, 1895.

Ordered, That the number of honourable members forming the Committee on the Bank of New Zealand be increased to nine, and that the names of the Hon. Mr. Ormond, the Hon. Mr. W. C. Walker, and the Hon. Mr. Jennings be added thereto.—(Hon. Mr. MONTGOMERY.)

TUESDAY, THE 20TH DAY OF AUGUST, 1895.

Ordered, "That the Committee on the Bank of New Zealand be a Secret Committee."—(Hon. Mr. BOWEN.)

Extract from the Journals of the House of Representatives.

TUESDAY, THE 28TH DAY OF AUGUST, 1895.

Ordered, "That the Committee on the Bank of New Zealand be enlarged by adding thereto the names of Mr. Pinkerton, Mr. Fraser, and Mr. Millar."—(Hon. Mr. SEDDON.)

Extract from the Journals of the Legislative Council.

WEDNESDAY, THE 21ST DAY OF AUGUST, 1895.

Ordered, "That the Committee on the Bank of New Zealand have leave to sit during the sitting of the Council." (Hon. Mr. BOWEN.)

Extract from the Journals of the House of Representatives.

WEDNESDAY, THE 21ST DAY OF AUGUST, 1895.

Ordered, "That the Committee on the Bank of New Zealand have leave to sit during the sitting of the House." (Mr. BUCHANAN.)

Extract from the Journals of the Legislative Council.

THURSDAY, THE 22ND DAY OF AUGUST, 1895.

Ordered, "That the time for bringing up the report of Committee upon the Bank of New Zealand be extended until Tuesday next, the 27th instant."—(Hon. Mr. BOWEN.)

Extract from the Journals of the House of Representatives.

FRIDAY, THE 23RD DAY OF AUGUST, 1895.

Ordered, "That the Bank of New Zealand Committee have leave to postpone bringing up their report until Tuesday next."—(Mr. BUCHANAN.)

TUESDAY, THE 25TH DAY OF AUGUST, 1895.

Ordered, "That the Committee on the Bank of New Zealand be a Secret Committee."—(Mr. BUCHANAN.)

REPORT.

THE Committee appointed to inquire into and report upon the Bank of New Zealand Estates Company and its relation with the Bank of New Zealand, to inquire how, in the colony's interest, the two institutions can best be separated, and how the earning-power of the Bank of New Zealand may be increased, its stability insured, and its usefulness extended, have the honour to report as follows :—

Before proceeding to investigate the several matters referred to it by both Houses of Parliament, your Committee received from the Colonial Treasurer the following letter, addressed to him by the directors of the Bank of New Zealand, which explains why Parliament has been called upon to deal with the question :—

“ SIR,—

“ Bank of New Zealand,

“ Wellington, 17th August, 1895.

“ I have the honour to quote, for your information, the following minute passed by the Board of the bank at a meeting held this morning :—

‘ Parliamentary Committee to inquire into the affairs of the Bank of New Zealand Estates Company and the Bank of New Zealand, with a view to separating the Estates Company from the bank, and increasing the earning-power of the bank.

‘ Resolved, To place on record that it was the desire and expressed wish of the directors, made at a conference with Ministers, that this Committee of both Houses should be appointed.’

“ I have, &c.,

“ W. WATSON,

“ President.”

“ The Hon. the Colonial Treasurer, Wellington.

Your Committee have, since appointment, been continuously and carefully engaged in going into the several matters referred to, and have had before them the President of the bank, Mr. Watson; all the directors of the Bank of New Zealand; the Auditor of the bank, Mr. Butt; Mr. Foster, the general manager of the Estates Company; Mr. Lyon, until recently employed as manager of several of the properties of the Estates Company; Mr. McKerrow, Land-purchase Inspector; Mr. McGowan, Commissioner of Taxes; and Mr. Cuff, Accountant of the Estates Company.

Your Committee have had before them balance-sheets of the Bank of New Zealand, balance-sheets of the Estates Company and of the Auckland Agricultural Company, combined balance-sheets and statements concerning the business of the bank and of the Assets Company, which are appended to the report.

Your Committee find that the present directors of the bank are not responsible for the present unsatisfactory condition of affairs. The Committee consider that the present directors have acted efficiently since they took office, and have candidly and fully given every information to the Committee.

There is a deficiency in the bank of £376,900, and a contingent dependency of £200,000.

There is a deficiency of £467,077 in the Estates Company, against which no assets exist, and a further deficiency of £444,601 in trading concerns, and properties outside New Zealand. These altogether amount to £1,488,578. Of this sum, £148,110, though shown as a liability, is really a debt due by the Agricultural Company, and represented by assets. Deducting this from the aforesaid sum of £1,488,578, there remains £1,340,468. This is provided for as follows :—

Capital, bank ...	...	...	...	...	...	...	900,000
Estimated amount of call made ...	...	...	...	...	...	...	450,000
							£1,350,000

leaving a balance of £9,532, which goes to a dependency account.

Your Committee are of opinion that, in the present financial circumstances of the colony, and taking into consideration the financial position of the Australian Colonies, and also considering the magnitude of the interests, both public and private, which are involved, as well as the widespread disaster that would follow should the bank be compelled to suspend operations, the colony should render such assistance to the bank as will restore confidence, insure stability, and enable it to carry on its business in a satisfactory and profitable manner. The Committee is of opinion that any assistance should be of an effective and definite character.

In support of the Committee's opinion, it may be stated that it has been found that, apart from any indirect injury to the country, the following interests would be directly affected by any disaster to the bank.

As will be seen from returns annexed, there were on the 31st March, 1895, in New Zealand, the other colonies, and London, deposits in the Bank of New Zealand to the number and amount as follows :—

New Zealand ...	...	35,110	depositors, representing	£5,032,900
Other colonies ...	...	2,839	"	530,223
London ...	...	3,351	"	1,578,632
Totals ...	...	41,300		£7,141,755

This includes Government deposits amounting to £1,145,396.

The total number of advances by the bank on the 31st March, 1895, and the amount of same in New Zealand, the other colonies, and in London, were as follows :—

New Zealand ...	...	15,593	advances, amounting to	£5,428,222
Other colonies ...	...	1,277	"	£1,463,516
London ...	...	137	"	300,915
Totals ...	...	17,007		£7,192,653

The shareholders in New Zealand number 1,050, liable for £403,000.

There are 115 branch banks, and 28,584 current accounts.

The discount account, representing traders' acceptances, equals £456,000.

The Colony of New Zealand, independently of the "A" stock, £2,000,000, and remittances *in transitu*, is creditor to the bank for £1,403,000, the amount in New Zealand being £458,000, and in London £945,000.

From the evidence taken and the balance-sheets submitted it will be found that the Bank of New Zealand and Estates Company, though two in name, are practically one institution; that the Estates Company and the Auckland Agricultural Company, though under different names, are practically one concern; and that the combined Estates Company, Auckland Agricultural Company, and Bank of New Zealand are practically one concern. The division is in name only, because the whole of the shares in the Estates Company are owned by the Bank of New Zealand, the only interest held outside the bank being the debenture-holders who recently acquired five hundred thousand pounds' worth of the debentures previously held by Baron Schroder, and the debenture-holders of the Auckland Agricultural Company, who hold £282,960 worth of debentures.

Your Committee is of opinion that it would be in the best interests of the colony, of the shareholders of the Bank of New Zealand, and of all concerned that a separation of the affairs of the Bank of New Zealand and the Estates Company should take place. In dealing with so momentous and intricate a question it is necessary that every precaution should be taken to safeguard the colony against losses, and to render future application for the intervention of Parliament unnecessary.

To effect this, your Committee recommend that the whole of the freeholds, leaseholds, stations, stock, and implements in New Zealand be disposed of, and that the Bank of New Zealand and Estates Company sell them to a Realisation Board, to be established for that purpose.

That an Assets Realisation Board, consisting of three members, be created as hereinafter provided.

That the Assets Realisation Board be authorised to issue bonds for £2,734,000, bearing $3\frac{1}{2}$ per cent. interest, and that the deficiency, if any, on these bonds, after the realisation of the New Zealand Estates Company's properties, be guaranteed by the colony to the bank. In return for these, the Bank of New Zealand, the New Zealand Estates Company, and the Auckland Agricultural Company to transfer the whole of the property referred to the Realisation Board for liquidation purposes.

That £500,000 of uncalled reserve liability of the Bank of New Zealand shareholders be called up in four equal instalments, the first being payable on the 30th June, 1896, the second on the 31st December, 1896, the third on the 30th June, 1897, and the fourth on the 31st December, 1897.

That, to encourage the shareholders of the bank to meet the call of £500,000 proposed to be made, your Committee recommend that the first charge on all annual profits of the bank beyond £50,000 per annum should be a payment of interest not exceeding 5 per cent. on amount paid by shareholders on the call as aforesaid.

That the Bank of New Zealand, out of its profits, pay to the Assets Realisation Board the sum of £50,000 per annum as hereinbefore mentioned, and any further sum which may remain after paying 5 per cent. to ordinary shareholders until any deficit on realisation is provided for.

Your Committee are of the opinion that the last valuations of stations and landed property may, under favourable circumstances, be maintained, but the more prudent course would be to allow for further depreciation.

That, to insure the colony against any loss on account of guaranteeing any deficiency that may arise on bonds, in addition to the payments from profits above provided for, security be given over the freeholds, certain leaseholds, stations, stock, and implements in New Zealand, the bank's latest ascertained value of which is £1,879,000, and over the second call of £500,000, and also over the balance £500,000 of the uncalled reserve liability of the bank shareholders.

That the first call, the last payment of which is due on the 26th November next, estimated to amount to £450,000, together with the present paid-up capital, amounting to £900,000, be written off to provide for losses, of which £1,150,000 is for ascertained losses, and includes £9,532 which is proposed to be held as a dependency, and £200,000 as a contingency for unascertained loss.

In conjunction with this proposal, and to enable adequate capital to be provided for the bank to carry on its business and restore its credit, your Committee recommend the colony to subscribe £500,000 for preferential shares, bearing $3\frac{1}{2}$ per cent. interest, and that they be paid for by the issue of $3\frac{1}{2}$ per cent. stock to the bank; the bank to have the right to purchase for purpose of sale any or all of these shares, bank shareholders to have priority of purchase. This, with the £500,000 of capital from the second call of the reserve liability, will give the Bank of New Zealand a clear capital of £1,000,000 sterling. In addition to this the position of the bank will be strengthened by having the whole of the £2,000,000 of "A" stock for use in its ordinary business. Under the altered position that the bank will occupy, these proposals, if given effect to, will put it on a sound basis.

On investigation, your Committee ascertained that the second million "A" Stock, now invested according to law in liquid securities, entails a heavy annual loss on the bank. To prevent this recurring loss, and in order to increase the earning-power of the bank, your Committee recommend that the million be freed and made available for use in the bank's general business. And to further enable the bank to increase its earning power, your Committee are of opinion that the bank should be at liberty, if deemed advisable, to secure further trade by purchasing other banking business, but that no purchase be allowed unless with the sanction of the Governor in Council. And that, to enable this to be done, section 3 of "The Banking Act, 1894," be repealed. And, further, with a view of increasing the earning-power of the bank, the Committee recommend that the colony's business in England be transacted by the Bank of New Zealand. The directors of the bank are of opinion that, if these recommendations be given effect to, the net earning-power of the bank will be so increased as to leave a profit of £135,000 per annum.

That, in consideration of the £500,000 preferred shares to be taken up by the Government, the colony should have further representation, and that the Governor in Council be empowered to appoint one director.

That the Assets Realisation Board shall consist of three members, and, inasmuch as the colony has guaranteed the deficiency, if any, on the bonds to be issued by the said Board, the Governor in Council shall appoint two members and the directors of the Bank of New Zealand one member.

The Committee are of the opinion that the shareholders of the bank should be prohibited by law from winding up the bank until the whole of the obligations to the colony are repaid. This is an obvious precaution, considering the large responsibilities of the bank to the colony.

And the Committee also recommend that the power under "The Bank Guarantee Act, 1894," be amended, so that the power to appoint a Receiver shall arise on any default of the bank.

The proposals of the Committee deal only with the landed properties, stations, stock, implements, &c., in New Zealand. The trading concerns, both in and outside New Zealand, and the properties owned by the Estates Company outside New Zealand, are not to be transferred to the Assets Realisation Board. The directors of the Bank of New Zealand have informed the Committee that the latter properties may be realised in two years. The directors have so far written these down in value that the Committee is of opinion that there need be no great delay in carrying out such immediate realisations. The details of the trading concerns and other assets have not been appended, as they are for sale, and it would be inadvisable to furnish all such particulars.

With the papers appended to the report will be found a scheme submitted by the directors of the Bank of New Zealand. The Committee did not see its way to accept it, seeing that it entailed heavy obligations upon the colony which the circumstances of the case did not warrant. The Colonial Treasurer also submitted a scheme the distinct feature of which was that the colony did not directly issue stock to the bank as against the assets of the Estates Company, but, in lieu thereof, as a last recourse, the colony guaranteed the deficiency on the bonds. Sir Robert Stout also placed before the Committee certain resolutions. These will be found with the papers appended to the report.

CHAS. C. BOWEN,
Chairman.

MINUTES OF PROCEEDINGS.

COMMITTEE ON THE BANK OF NEW ZEALAND ESTATES.

SATURDAY, 17TH AUGUST, 1895.

The Committee met pursuant to notice at 11 o'clock.

Present: Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. McKenzie, Captain Russell, Mr. Buchanan.

Order of reference read by the clerk.

On motion of the Hon. Mr. Seddon, seconded by the Hon. Mr. Ward, Mr. Buchanan was appointed Chairman.

Resolved, on the motion of the Hon. Mr. Seddon, That this Committee do now confer with the Committee appointed by the Legislative Council.

SATURDAY, 17TH AUGUST, 1895.

The Committee met at 11 a.m.

Present: The Hon. Mr. Bowen, the Hon. Dr. Grace, the Hon. Mr. Kelly, the Hon. Mr. Montgomery, the Hon. Mr. McLean, the Hon. Mr. Stevens.

Order of reference read.

On motion of the Hon. Mr. Montgomery, the Hon. Mr. Bowen took the chair.

JOINT COMMITTEE ON BANK OF NEW ZEALAND.

SATURDAY, 17TH AUGUST, 1895.

The Committee met at 11.30 a.m.

Present: Hon. Mr. Bowen, Hon. Dr. Grace, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Stevens, Hon. Mr. Montgomery, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Captain Russell, and Mr. Buchanan.

Resolved, on the motion of the Hon. Mr. Seddon, seconded by the Hon. Dr. Grace, the Hon. Mr. Bowen was appointed Chairman.

A letter from the President of the Bank of New Zealand to the Hon. the Colonial Treasurer was read, and is as follows:—

"SIR,—I have the honour to quote, for your information, the following minute passed by the Board of the bank at a meeting held this morning: 'Parliamentary Committee to inquire into the affairs of Bank of New Zealand Estates Company and the Bank of New Zealand, with a view to separating the Estates Company from the Bank and increasing the earning-power of the bank. *Resolved*, to place on record that it was the desire and expressed wish of the directors, made at a conference with Ministers, that this Committee of both Houses should be appointed.'

"I have, &c.,

"The Hon. the Colonial Treasurer, Wellington.

"W. WATSON, President."

Resolved, on the motion of the Hon. Mr. Seddon, That the President of the Bank of New Zealand should provide this Committee with the following:—

The balance-sheet of the Bank of New Zealand to 31st March;

The balance-sheet of the Estates Company to 31st March;

The balance-sheet of the Agricultural Company to 31st March;

The combined balance-sheet of the Estates Company and the Agricultural Company to 31st March;

A schedule of the estates of the Assets Company, with the book valuations and the latest bank valuation.

Resolved, That Mr. Watson, President of the Bank of New Zealand, should be summoned to attend the adjourned meeting, to be held at 2.30 o'clock this day, and to bring the foregoing balance-sheets with him.

The Committee then adjourned until 2.30 o'clock.

The Committee resumed at 2.30 o'clock.

Present: Hon. Mr. Bowen (Chairman), Hon. Dr. Grace, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Stevens, Hon. Mr. Montgomery, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Captain Russell, Mr. Buchanan, Hon. Sir R. Stout.

Interim report to Council and House.

Resolved, on the motion of Hon. Sir R. Stout, That, in the opinion of this Joint Committee, the Committee should be a Secret Committee.

Mr. Watson, President of the Bank of New Zealand, was in attendance.

At the desire of the Committee, Mr. Chairman asked Mr. Watson if it was with the directors' consent that he should present the following statements, and was answered in the affirmative:—

A. The balance-sheet of the Bank of New Zealand at 31st March.

B. The balance-sheet of the Bank of New Zealand Estates Company at 31st March.

C. The balance-sheet of the Auckland Agricultural Company at 31st March.

D. The combined balance-sheet of the Bank of New Zealand Estates Company, Auckland Agricultural Company, and Matamata at 31st March.

E. Stations and Freeholds Assets Company at 31st March.

F. Freeholds beyond New Zealand.

G. Trading concerns.

Resolved, on the motion of the Hon. Mr. Seddon, That this Committee do now deliberate upon the foregoing statements.

And, at the request of the Committee, all strangers withdrew, and the Committee, after having considered the statements aforesaid, adjourned at 5 p.m., the date of next meeting to be left with Mr. Chairman.

JOINT COMMITTEE ON THE BANK OF NEW ZEALAND.

WEDNESDAY, 21ST AUGUST, 1895.

The Committee met, pursuant to notice, at 11 o'clock.

Present: Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Jennings, Hon. Mr. Ormond, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. McKenzie, Captain Russell, Mr. Buchanan, Mr. Fraser, Mr. Pinkerton, Mr. Millar.

Orders of reference read, Select Committee and extra members.

The minutes of the previous meeting read and confirmed.

Resolved, on motion of the Hon. Mr. Seddon, Mr. Watson and Mr. Walter Johnston were requested to attend.

Mr. Chairman laid upon the table combined balance-sheets Bank of New Zealand Estates Company and Auckland Agricultural Company, including Matamata, &c., at 31st March, 1895; book-values; exhibit H.

The question having arisen as to the desirability of having a shorthand reporter, after some discussion it was postponed until to-morrow, Mr. Chairman in the meantime to consult the Hon. Mr. Speaker of the House of Representatives, and the Hon. Mr. Speaker of the Council, with a view to getting their opinion.

Resolved, That Mr. Chairman, Mr. Buchanan, Chairman House of Representatives Committee, do move in the Council and House respectively, That this Committee have leave to sit during the sitting of the House.

Mr. Watson attended, and was examined by Mr. Chairman, and gave evidence.

Mr. Ward laid a letter on the table from the President of the Bank of New Zealand, and the same was read.

On the motion of the Hon. Mr. Ward, the Committee then adjourned (1.15 p.m.) to 4 o'clock.

The Committee resumed at 4 o'clock.

Present: The Hon. Mr. Bowen, the Hon. Mr. Stevens, the Hon. Mr. Kelly, the Hon. Mr. McLean, the Hon. Mr. Montgomery, the Hon. Mr. Jennings, the Hon. Mr. Ormond, the Hon. Mr. Walker, the Hon. Dr. Grace, the Hon. Mr. Seddon, the Hon. Mr. Ward, the Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Buchanan, Mr. Pinkerton, Mr. Millar, Mr. Fraser.

Mr. Watson was present, and was again examined by Mr. Chairman, and gave further evidence.

Mr. Watson was requested to be present at the adjourned meeting, to be held at 8 p.m. this evening, and to bring Mr. Booth and Mr. Johnston with him.

On the motion of Mr. Ward, the Committee then adjourned to 6 p.m.

The Committee resumed at 8 p.m.

Present: The Hon. Mr. Bowen, the Hon. Mr. Stevens, the Hon. Mr. Kelly, the Hon. Mr. McLean, the Hon. Mr. Montgomery, the Hon. Mr. Jennings, the Hon. Mr. Ormond, the Hon. Dr. Grace, the Hon. Mr. Walker, the Hon. Mr. Seddon, the Hon. Mr. Ward, the Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Buchanan, Mr. Fraser, Mr. Pinkerton, Mr. Millar.

The Hon. Mr. Ward explained that it had been arranged to have Mr. Andrews, Government shorthand reporter, present in future to take evidence.

Mr. Johnston and Mr. Booth were present, and were examined by Mr. Chairman.

Resolved, On the motion of the Hon. Mr. Seddon, That the Commissioner of Taxes be requested to attend to-morrow.

The Committee then adjourned (10 p.m.) until 10.30 o'clock to-morrow (Thursday) morning.

JOINT COMMITTEE ON BANK OF NEW ZEALAND.

THURSDAY, 22ND AUGUST, 1895.

The Committee met at 10.30 o'clock.

Present: Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Mr. Jennings, Hon. Mr. Ormond, Hon. Dr. Grace, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Buchanan, Mr. Fraser, Mr. Pinkerton, Mr. Millar.

The minutes of the previous meeting were read and confirmed.

Orders of reference read that Committee have leave to sit during sitting of Council and House.

Mr. McKerrow and Mr. Foster, Manager, Bank of New Zealand Estates Company, were present, and were examined by Mr. Chairman, and their evidence taken.

Mr. Foster was requested to attend at 3.30 o'clock this afternoon, to give further evidence.

The Committee then adjourned (1.15 p.m.) until 3.30 o'clock this day.

The Committee resumed at 3.30 o'clock.

Present : Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Ormond, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Buchanan, Mr. Fraser, Mr. Millar, Mr. Pinkerton.

Mr. Foster was present, and gave further evidence.

The Hon. Mr. Ward laid a letter on the table from the President of the Bank of New Zealand, and the same was read.

The following additional returns were laid on the table :—

- I. Auckland Agricultural Company : Profit and Loss Account for years 1893, 1894, and 1895.
- J. Bank of New Zealand Estates Company : Profit and Loss Account for year ending 31st March, 1895.
- K. Bank of New Zealand Estates Company : Profit and Loss Account for year ending 31st March, 1893.
- K2. Bank of New Zealand Estates Company : Profit and Loss Account for year ending 31st March, 1894.
- L. Bank of New Zealand Estates Company : Statement showing improvements and lands purchased since land-tax assessment, 1892.
- M. Bank of New Zealand Estates Company : Statement showing income and expenditure for year ending 31st March, 1895, on station property, stock, &c.
- M2. Bank of New Zealand Estates Company : Income and expenditure for year ending 31st March, 1895.
- N. Memorandum explaining discrepancy between indebtedness of the Estates Company to bank as shown in combined balance-sheet and bank statement.
- O. Weekly statement of assets and liabilities of Bank of New Zealand (New Zealand offices only) to 12th August, 1895.
- P. Analysis of deposits at 31st March, 1895, in New Zealand, other colonies, Fiji, and London, with period of deposits.
- Q. Statement of assets and liabilities of Bank of New Zealand outside New Zealand at 21st June, 1895.

The Committee then adjourned, at 5.45, until 8 o'clock this evening.

The Committee resumed at 8 o'clock.

Present : Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Ormond, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Buchanan, Mr. Fraser, Mr. Pinkerton, Mr. Millar.

Mr. Watson, Mr. Johnston, and Mr. McCarthy were present.

Mr. Watson was examined by Mr. Chairman.

Hon. Mr. Seddon gave notice that he would move at to-morrow (Friday's) meeting the following : That a sub-Committee consisting of Mr. Chairman, the Colonial Treasurer, Mr. Buchanan, the Hon. Mr. McLean, the Hon. Mr. Ormond, the Hon. Mr. Stevens, the Hon. Mr. Kelly, and the mover be appointed to consider and report upon the proposals submitted by the directors of the Bank of New Zealand.

The Committee then adjourned, at 11 o'clock, until 10 o'clock to-morrow morning.

JOINT COMMITTEE ON BANK OF NEW ZEALAND.

FRIDAY, 23RD AUGUST, 1895.

The Committee met at 10 o'clock.

Present : Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Ormond, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Buchanan, Mr. Fraser, Mr. Pinkerton, Mr. Millar.

The minutes of previous meeting were read and confirmed.

The Chairman laid the following additional returns upon the table :—

- S. Statement from manager of Bank of New Zealand Estates Company in reference to Awatere and Clarence.
- T. Statement in connection with Auckland Agricultural Company's Profit and Loss Account.
- U. Profit and Loss Account of Auckland Agricultural Company at 31st March, 1895.
- V. Auckland Agricultural Company. Particulars of properties at 31st March, 1895.
- W. *Pro forma* balance-sheet of Bank of New Zealand Estates Company to 31st March, 1895.
- X. *Pro forma* balance-sheet of Bank of New Zealand to 31st March, 1895.
- Y. A letter was laid upon the table by Mr. Chairman, from the President of Bank of New Zealand, and the same was read.

Mr. McCarthy, Mr. Kennedy and Mr. Lyons were present, and were examined by Mr. Chairman.

The Committee then adjourned, at 1 o'clock, until 3 o'clock.

The Committee resumed at 3 o'clock.

All the members of the Committee were present.

Mr. Cuff, accountant, Bank of New Zealand Estates Company, was present, and was examined.

Mr. Chairman laid the following additional papers upon the table :—

Z. Statement of Bank of New Zealand, sent in by Mr. McCarthy.

A2. Additional statement of Bank of New Zealand, sent in by Mr. Watson.

B2.) Statements showing number and classification of advances in Bank of New Zealand
B3.] at 31st March, 1895, in New Zealand, other colonies, and London.

C2. Profit and Loss Account, Bank of New Zealand, for the year ending 31st March, 1894.

A letter was laid upon the table by Mr. Chairman from Mr. McGowan, and the same was read; also,

A letter was laid upon the table by Mr. Chairman from Mr. Andrews, acting-manager Bank of New Zealand, and the same was read.

The Committee then adjourned, at 5.30 o'clock, until 9 o'clock.

The Committee resumed at 9 o'clock.

All the members of Committee were present.

Resolved, on motion of the Hon. Mr. Seddon (the Hon. Sir R. Stout alone dissenting), the Committee, having taken such evidence and information as is available to them, resolve to appoint a sub-Committee to consider and report on the best course that can be taken in respect to the matters referred to the Committee by both Houses of Parliament, That a sub-Committee be appointed to examine and report on the proposals submitted by the directors of the Bank of New Zealand, and to make such other proposals as the sub-Committee may deem expedient under all circumstances; the Committee to consist of the Chairman, the Colonial Treasurer, Mr. Buchanan, the Hon. Mr. McLean, the Hon. Mr. Ormond, the Hon. Mr. Stevens, the Hon. Mr. Kelly, the Hon. Sir R. Stout, and the mover (the Hon. Mr. Seddon).

A return was laid on the table from Mr. McGowan, showing reductions on original values to be £60,240.

The Committee then adjourned, at 11.15 o'clock, until to-morrow (Saturday) afternoon.

JOINT COMMITTEE ON BANK OF NEW ZEALAND.

MONDAY, 26TH AUGUST, 1895.

The Committee met, pursuant to notice, at 4 o'clock.

Present: Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Ormond, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Buchanan, Mr. Pinkerton, Mr. Fraser, Mr. Millar.

The minutes of the previous meeting were read and confirmed.

The following additional returns were laid upon the table:—

D2. List of assets owned by bank outside New Zealand.

E2. Schedule giving particulars of properties not inspected by Mr. McGowan.

Mr. Chairman read a series of propositions prepared by the sub-Committee to submit for the consideration of the Joint Committee, as follow:—

1. That, having conferred with the directors of the bank, and ascertained their views as to the relief required to sustain the bank, the sub-Committee decides to consider and propose a scheme for the consideration of the full Committee.

2. That the amount to be provided for on the bank and Estates Company combined amounts to £2,734,000, of which £1,879,000 represented on the last reduced valuation by landed estate and stock in New Zealand.

3. That it is essential that the Estates Company be separated from the bank on lines to be defined.

4. That the following assets of the Estates Company—viz., stations, sundry freeholds and leaseholds in New Zealand, interest in Thames Valley Land Company, and coal-mine in Waikato, valued in all at £1,879,105, be disposed of to an Assets Realisation Board, the Realisation Board to issue 4-per-cent stock to the bank to the amount of £2,734,000, with a currency of nine years, the Government to guarantee any deficiency in the bonds. The net proceeds of realisation to be paid to a Bond Trust Account. Security for such guarantee to be given over assets valued at £1,879,105, and collateral security to be given on £500,000 of reserved liability of bank shareholders, £500,000 of bank capital, and on net profits of bank up to £50,000 per annum. Any surplus on realisation to be the property of the bank.

5. That £500,000, payable by a further call of £3 6s. 8d. on them, be made on the reserved liability of the shareholders, to be paid in four equal instalments, the first to be due on the 30th June, 1896, the second on the 31st December, 1896, the third on the 30th June, 1897, and the fourth on the 31st December, 1897.

6. That £500,000 preference shares in the bank, bearing 3½-per-cent. dividends, be purchased by the Government with 3½-per-cent. stock.

7. That £900,000, present bank capital, and £450,000, estimated proceeds of first call, be written off.

8. That the second million A stock, now invested according to law in liquid securities, be freed for use in the bank's general business.

9. That in order to enable the bank to increase its earning power, by securing further banking business if advisable, section 3 of "The Banking Act, 1894," be repealed.

10. That the first charge on all profits of the bank beyond £50,000 should be a payment of interest not exceeding 4 per cent. on amount paid by shareholders on the second call of reserved liability.

11. That, in consideration of the shares to be taken up by Government, the Government shall nominate an additional director.

12. That the Assets Realisation Board shall consist of three members, two to be nominated by the Government and one by the bank. No bank director to be eligible.

13. That shareholders of the bank be prohibited from winding up the bank until obligations to the colony are repaid.

Captain Russell moved—"That the chief officer of the Banks of New South Wales and Australasia, the Union Bank of Australia, the National Bank of New Zealand, and Messrs. E. Pearce, J. Duncan, C. J. Johnston, J. Duthie, J. Ross, A. H. Miles, N. Reid (of Turnbull and Co.) be examined as to the probable effect on the business of the colony of the liquidation of the Bank of New Zealand.

The Hon. Mr. Seddon asked for Mr. Chairman's ruling as to whether Captain Russell's motion was within the Order of Reference. Mr. Chairman ruled that it was not.

The Committee then adjourned (6 p.m.) until 7.30 o'clock.

Committee resumed at 7.30 o'clock. All members of the committee were present.

On the motion of the Hon. Mr. Seddon,—

1. This Committee having received the report of the sub-Committee appointed to consider the proposals made by the directors of the Bank of New Zealand, &c., resolves that it is desirable that assistance should be rendered to the Bank of New Zealand; that the issues raised in the report by the said Committee be taken seriatim; also, that any alternative schemes or amendments proposed be considered and dealt with.—Carried unanimously.

The following resolutions were also put:—

2. That the amount to be provided for on the bank and Estates Company combined amounts to £2,734,000, of which £1,879,000 is represented, on the last reduced valuation, by landed estates and stock in New Zealand,

And being put, the Committee divided, and the names were taken down as follow:—

Ayes, 16: Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Mr. Ormond, Hon. Dr. Grace, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. McKenzie, Captain Russell, Mr. Buchanan, Mr. Pinkerton, Mr. Fraser, Mr. Millar.

Noes, 1: Hon. Sir R. Stout.

So it was resolved in the affirmative.

3. That it is essential that the Estates Company be separated from the bank on lines to be defined.

And the resolution being put, the Committee divided, and the names were taken down as follows:—

Ayes, 15: Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Mr. Ormond, Hon. Dr. Grace, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. McKenzie, Capt. Russell, Mr. Buchanan, Mr. Pinkerton, Mr. Fraser, Mr. Millar.

Noes, 2: Sir R. Stout, Hon. Mr. Stevens.

So it was resolved in the affirmative.

4. That the following assets of the Estates Company, viz.,—Stations and live stock, sundry freeholds and leaseholds in New Zealand; interest in Thames Valley Land Company; and coalmine in Waikato, at the reduced values as per schedule of £1,879,105, be disposed of to an Assets Realisation Board. The Realisation Board to issue 3½-per-cent. stock to the bank to the amount of £2,734,000, with a currency of nine years, subject to twelve months' notice. The Government to guarantee any deficiency on the bonds, the net proceeds of realisation to be paid to a Bond Trust Account; security for such guarantee to be given over assets valued above at £1,879,105, and collateral security to be given on £500,000 of reserved liability of bank shareholders; £500,000 of bank shares capital, and on net profits of bank up to £50,000 per annum; any surplus on realisation to be the property of the bank.

The resolution being put, the Committee divided, and the names were taken down as follow:—

Ayes, 16: Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Ormond, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. McKenzie, Capt. Russell, Mr. Buchanan, Mr. Pinkerton, Mr. Fraser, Mr. Millar.

Noes, 1: Hon. Sir R. Stout.

So it was resolved in the affirmative.

The following resolution was carried unanimously:—

5. That £500,000, payable by a further call of £3 6s. 8d. a share, be made on the reserve liability of the shareholders, to be paid in four equal instalments; the first to be due on the 30th June, 1896; the second on the 31st December, 1896; the third on the 30th June, 1897; and the fourth on the 31st December, 1897.

6. That £500,000 preference shares in the bank, bearing 3½-per-cent. dividends, be purchased by the Government with 3½-per-cent. stock.

The resolution being put, the Committee divided, and the names were taken down as follow:—

Ayes, 12: Hon. Dr. Grace, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Kelly, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. McKenzie, Hon. Sir R. Stout, Mr. Pinkerton, Mr. Fraser, Mr. Millar, Hon. Mr. McLean.

Noes, 5: Hon. Mr. Ormond, Hon. Mr. Stevens, Hon. Mr. Montgomery, Capt. Russell, Mr. Buchanan.

So it was resolved in the affirmative.

Proviso.

Provided that the said shares, or any of them, be purchasable at par at any time, or from time to time, by the bank, on twelve months' notice, the said shares to be sold by the bank; present shareholders having priority.

The proviso being put, the Committee divided, and the names were taken down as follow :—

Ayes, 13: Hon. Mr. Stevens, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Jennings, Hon. Mr. Ormond, Hon. Mr. Walker, Hon. Mr. McKenzie, Hon. Sir R. Stout, Capt. Russell, Mr. Buchanan, Mr. Pinkerton, and Mr. Fraser.

Noes, 4: Hon. Mr. Seddon, Hon. Mr. Ward, Mr. Kelly, and Mr. Millar.

So it was resolved in the affirmative.

The following resolution was carried unanimously :—

7. That £900,000, present bank capital, and £450,000, proceeds of first call, be written off.

The following resolution was carried unanimously :—

8. That the second million "A" stock, now invested according to law in liquid securities, be freed for use in bank's general business.

The following resolution was also carried, Mr. Millar dissenting :—

9. That in order to enable the bank to increase its earning-power by securing further banking business, if advisable, section 3 of "The Banking Act, 1894," be repealed.

The Hon. Sir R. Stout then moved the following proviso :—

But no purchase be allowed unless with the sanction of the Governor in Council.

The proviso being put, the Committee divided, and the names were taken down as follow :—

Ayes, 13: Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Mr. Ormond, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Millar, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, and Mr. Pinkerton.

Noes, 4: Hon. Dr. Grace, Captain Russell, Mr. Buchanan, and Mr. Fraser.

So it was resolved in the affirmative.

The Hon. Sir R. Stout then moved the following proviso, No. 2 :—

And that the vendors be only paid in shares.

The second proviso being put, the Committee divided, and the names were taken down as follows :—

Ayes, 3: The Sir R. Stout, Captain Russell, and Mr. Millar.

Noes, 14: Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Ormond, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Mr. Pinkerton, Mr. Fraser, and Mr. Buchanan.

So it passed in the negative.

The two following resolutions were carried unanimously :—

10. That the first charge on all profits of the bank beyond £50,000 should be a payment of interest not exceeding 4 per cent. on amount paid by shareholders on the second call of reserved liability.

11. That, in consideration of the shares to be taken up by Government, the Government shall nominate an additional director.

12. That the Assets Realisation Board shall consist of three members, two to be nominated by the Government and one by the bank, no bank director to be eligible.

The Hon. Mr. Kelly moved, as an amendment, That the word "two," after the words "the members," and the words "and one by the bank," after the words "by the Government," be struck out.

And the question being put, that the words proposed to be omitted be omitted, the Committee divided, and the names were taken down as follow :—

Ayes, 5: Hon. Mr. Kelly, Hon. Mr. Montgomery, Hon. Mr. Jennings, Hon. Mr. Seddon, and Mr. Millar.

Noes, 12: Hon. Mr. Stevens, Hon. Dr. Grace, Hon. Mr. Ormond, Hon. Mr. Walker, Hon. Mr. McLean, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Mr. Buchanan, Mr. Pinkerton, Captain Russell, and Mr. Fraser.

So it passed in the negative.

And the original resolution being put, it was carried.

Words retained.

The following resolution was carried unanimously :—

13. That shareholders of the bank be prohibited from winding up the bank until obligations to the colony are repaid.

Sir R. Stout moved the following proviso :—

The power to appoint a Receiver under "The Bank Guarantee Act, 1894," shall arise on any default of the bank.

The proviso being put, the Committee divided, and the names were taken down as follow :—

Ayes, 16: Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Mr. Ormond, Hon. Dr. Grace, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Sir R. Stout, Mr. Millar, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Captain Russell, Mr. Pinkerton, Mr. Fraser.

Noes, 1: Mr. Buchanan.

Resolved, on the motion of the Hon. Mr. Seddon, That a sub-Committee be appointed to draft the Committee's report, and to advise and report as to what papers and evidence shall accompany the Committee's report; the sub-Committee to consist of the Hon. Mr. Ormond, the Hon. Mr. Bowen, the Hon. Mr. Ward, and the mover (the Hon. Mr. Seddon.)

The Committee then adjourned, at 11 o'clock p.m., until 2 o'clock to-morrow (Tuesday) after noon.

JOINT COMMITTEE ON BANK OF NEW ZEALAND.

TUESDAY, 27TH AUGUST, 1895.

The Committee met at 4 o'clock.

Present: Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Ormond, Hon. Mr. Jennings, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Fraser, Mr. Pinkerton, Mr. Millar.

The minutes of the previous meeting were read and confirmed.

The Chairman read a letter from the President of the Bank of New Zealand, concurring in the proposals of the Committee generally, and making suggestions for two alterations—first, that power should be given to pay the shareholders interest not exceeding 5 per cent., instead of not exceeding 4 per cent.; second, that the clause rendering a bank director ineligible for the Assets Realisation Board should be reconsidered.

The letter was considered, and it was resolved to agree to the proposal that power should be given to pay the shareholders interest not exceeding 5 per cent. Consideration of the second proposal was postponed till the report was considered.

It was agreed to adopt the following interim report to both Houses, to be presented to-night, and to ask for an extension of time till to-morrow for bringing up the full report.

INTERIM REPORT.

The Joint Committee on the Bank of New Zealand, finding it impossible to bring up a full report this evening, think it right to inform the Legislative Council and the House of Representatives that they have come to conclusions which, if adopted by Parliament, will, in their opinion, place the Bank of New Zealand in a secure position.

The Committee then considered the report till 6 o'clock, when they adjourned to 8 o'clock this evening.

The Committee resumed at 8 o'clock.

Present: Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Jennings, Hon. Mr. Ormond, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Pinkerton, Mr. Fraser, Mr. Millar.

The Committee further considered the report.

On the question whether the clause in the report, rendering a bank director ineligible for the Assets Realisation Board should be rescinded, the Committee divided, and it was put to the vote, the names being taken down as follow:—

Ayes, 10: Hon. Sir R. Stout, Hon. Mr. Ormond, Hon. Mr. Stevens, Hon. Mr. Jennings, Hon. Mr. McLean, Hon. Mr. Ward, Hon. Mr. Walker, Mr. Fraser, Captain Russell, Mr. Pinkerton.

Noes, 4: Hon. Mr. Seddon, Hon. Mr. Montgomery, Hon. Mr. Kelly, Mr. Millar.

So it was resolved in the affirmative.

Clause rescinded.

The Committee then adjourned, at 11.15 o'clock, until 12 o'clock to-morrow (Wednesday).

Joint Committee of Bank of New Zealand

28th August, 1895.

The Committee met at 12 o'clock, and adjourned to 2 o'clock, when it met again.

Present: Hon. Mr. Bowen, Hon. Mr. Stevens, Hon. Mr. Kelly, Hon. Mr. McLean, Hon. Mr. Montgomery, Hon. Dr. Grace, Hon. Mr. Jennings, Hon. Mr. Ormond, Hon. Mr. Walker, Hon. Mr. Seddon, Hon. Mr. Ward, Hon. Mr. J. McKenzie, Hon. Sir R. Stout, Captain Russell, Mr. Pinkerton, Mr. Fraser, and Mr. Millar.

The report was finally considered, and it was moved by the Hon. Mr. Seddon, and carried unanimously, that it be approved and entered on the minutes.

On the motion of the Hon. Mr. Seddon, a vote of thanks to the Chairman was carried unanimously.

On the motion of the Hon. Mr. SEDDON—

Resolved, "That the Joint Committee of both Houses appointed to examine into and report upon the Bank of New Zealand Estates Company, to mark its appreciation of the very able services rendered to the Committee by the Chairman, the Hon. C. C. Bowen, tenders to him a hearty vote of thanks, and orders that the same be entered in the minutes of the proceedings."

DOCUMENTS PRESENTED TO COMMITTEE.

PROPOSED SCHEME OF DIRECTORS.

SIR,— Bank of New Zealand, Head Office, Wellington, 22nd August, 1895.

As requested by you last night, we have now the honour to submit herewith proposals for putting the Bank of New Zealand into a sound position. We would respectfully direct your attention to the following necessary conditions to enable a bank carrying on such a large business as the Bank of New Zealand to maintain its position:—

1. First-class credit of the institution is paramount, both to insure the confidence of depositors, and to enable it to conduct the vast business connected with the trade and industry of the colony.

2. The removal of the incubus represented by the attachment of the Estates Company to the bank, which, under existing conditions, must appear in the bank's balance-sheet, and is properly a subject for attack and for injurious comments from opposing banking institutions both in and out of the colony.

3. The importance of the Government Bank having the confidence of the financial discount houses in London.

4. The confidence of the shareholders of the institution, which, owing to the uncertainty of its financial position must, to some extent be weakened, and the good will and active co-operation of a large body of shareholders in such a colonial institution is desirable.

Under existing conditions we regret to say that many of the foregoing desirable conditions do not exist. The balance-sheets of the different institutions attached to the bank which are in your possession will, we apprehend, clearly demonstrate that on the 30th August next the placing before the shareholders of the true position of the institution would be certain to have a disastrous effect. In order to enable the bank to be rehabilitated, we would, after anxious and careful deliberation, submit the following proposals:—

- (1.) The capital of the bank is—
 £2,000,000 “A” stock, called capital, but in reality and effect a fixed loan on deposit.
 £900,000 in 100,000 shares of £5 5s. each, and 50,000 shares of £7 10s. each.
 Besides the above there is a call of one-third of the reserve liability made 29th November 1894, payable in three instalments, of which the last is due on 25th November next, This is estimated to produce £450,000.
- (2.) We propose that the £900,000 capital and the proceeds of the call, estimated at £450,000—total £1,350,000—should be applied as follows:—
 £376,900 to writing off existing bad debts of the bank.
 £200,000 to be put to a contingency fund for writing off existing debts which may hereafter prove to be irrecoverable. The balance
 about £773,100 to writing down Estates Company shares in the bank’s books and to be applied in the books of the Estates Company in wiping off the deficiency against which no assets exist, and in writing down to the latest valuation all those assets other than the freehold properties in New Zealand, and stock and implements.
- (3.) In lieu of the £900,000 capital written off, and the reserve liability written off and otherwise applied, it will be necessary for the bank’s credit to create £1,000,000 of fresh capital, and this we would propose should be done by the Government subscribing for that amount in preferred shares, to carry a 3½-per-cent. per annum cumulated dividend on the amount paid up, payment to be made by the Government for these shares in Government securities bearing 3½ per cent. per annum, payable in London. It will not be necessary that the money for these shares should be paid into the bank at once, or that the whole of it should be paid at all, but that the shares should be subscribed for we consider absolutely necessary. We therefore suggest that payment for the shares should be made from time to time as agreed upon between the bank and the Government, and that the bank may from time to time repurchase these shares at a price equal to par value with accrued interest.
- (4.) We would propose to create deferred shares amounting to £1,400,000 ranking *pari passu* with each other. These shares to be issued as fully paid up, free from further liability, and to be divided as follows:—
 £900,000 in 150,000 shares of £6 each, to be issued share for share to such of the present shareholders as pay up the first call of one-third the reserve liability.
 £500,000 in 50,000 shares of £10 each, to be held by the Assets Board as hereinafter provided against possible deficiency on realisation of freeholds in New Zealand, and stock and implements.
 The dividends, when earned, to be payable on these deferred shares, but not without the consent of the Colonial Treasurer so long as the £2,000,000 “A” stock is outstanding.
5. The ordinary shareholders of the bank are to remain liable for the whole of the reserve liability, and may not transfer the deferred shares without the sanction of the Board of the bank.
6. All ordinary shares are to cease to carry dividends, and, after the next half-yearly meeting, any voting rights.
7. The remaining two-thirds of reserve liability to be hypothecated to the Assets Board as security for deficiency, and to be called up as the Colonial Treasurer from time to time requires.
8. The stations, with their stock and implements, and the other freehold properties in New Zealand, to be taken over by the Government at the present book-values at which they stand in the books of the Estates Company, and vested in a Board of Administration, to be called “The Assets Board,” and to consist of a chairman and two directors, to be appointed by the Government, and two directors to be appointed by the Bank of New Zealand. For these assets the Estates Company to receive from Government 3½-per-cent. securities, payable in London.
9. The Assets Board are to administer and realise the assets taken over, and are to keep an account, putting on the one side—
 (1.) The total cost;
 (2.) Interest payable on the securities given for the cost;
 (3.) Charges, outgoings, and expenditure of the Board.
- And, on the other side,—
 (1.) All proceeds from realisations;
 (2.) All income from the properties held, or other revenue;
 (3.) Proceeds of further calls on reserve liability;
 (4.) Dividends on the £500,000 deferred shares;
 (5.) Any balance of the £200,000 Contingency Fund not required to make good deficiencies on any present debts due to the bank.
- Any deficiency, after realisation of properties, is to be made good—
 (1.) By proceeds from any remaining reserve liability of the bank’s shareholders; and
 (2.) If after that a deficiency should still remain, by sale of so much of the £500,000 deferred shares as may be requisite. Any of the 50,000 deferred shares not so required are to be cancelled, and any part of the Reserve Liability Fund not required is to be likewise cancelled. Any credit balance to the Realisation Account to go to the redemption of “A” stock.
10. The Government to have the appointment of one director of the bank in addition to the president so long as they hold preferred shares.

11. In order to restore the bank's earning-power, the disability, so far as the purchase by the bank of the business of any other bank is concerned, caused by the Act of 1894, should be removed. This is, in our opinion, absolutely imperative. The bank should, therefore, be empowered to purchase the sound business and assets of any other bank carrying on business in the colony. With the increased burdens thrown upon the bank caused by the £2,000,000 of additional stock and the readjustment of capital which is proposed herein, a very large addition to the bank's earning-power is essential. The only way in which this can be got sufficient to enable the bank to make profits to pay its way and sustain its credit is by the acquiring of the business of another institution. At present the banks of the colony are beyond the colony's resources to properly maintain. If the bank of New Zealand, after rehabilitation, desired to obtain the necessary increase of business to enable it to carry on, it could only be done by cutting the rates in order to take accounts from existing institutions. Retaliation on their part would be certain to follow, and the outcome of such a course would be that the earning-power of the bank could not be increased within a reasonable time to a sufficient extent to enable it to provide for its requirements. In any proposal for the purchase of another banking institution it would obviously be a condition that the responsibility for bad and doubtful debts would require to be borne by the selling institution.

12. As a loss at the present time accrues to the bank through the investing of the large sum of £1,000,000 in Government or liquid securities, in terms of clause 10 of "The Bank of New Zealand Share Guarantee Act, 1894," we would propose that this clause should be repealed as being, under the reconstruction scheme, unnecessary.

13. We have for several weeks given the various points of this scheme our most earnest attention and consideration, and have satisfied ourselves that no less help from the Government than the scheme requires will suffice to place the bank on a firm and secure footing; but we are equally satisfied that if the scheme be carried out the bank will be at once placed in a secure position and on a profit-earning basis, that no loss will ultimately accrue to the colony from the guarantee for the £2,000,000 stock, and that the deferred shares herein mentioned will earn 5 per cent. per annum dividend for the benefit of the shareholders and of the colony.

We have, &c.,

W. WATSON, President,	} Directors
WALTER W. JOHNSTON,	
WM. BOOTH,	
THOS. G. MACARTHY,	
M. KENNEDY,	

Hon. C. C. Bowen, Chairman Banking Committee.

PROPOSED SCHEME OF HON. MR. WARD.

PRESENT STATE OF BANK OF NEW ZEALAND—

"A" stock	...	...	...	£2,000,000
Shareholders' capital	...	...	...	900,000
Reserve fund	...	...	...	45,000
Shortage bank apart from Estate Company	...	...	...	<u>425,000</u>

PRESENT STATE OF ESTATES COMPANY—

Indebted to Bank of New Zealand.	In current account	...	£1,426,702	
" Bank of New Zealand.	In shares	...	1,850,000	3,276,702
" for debentures and bonus	...	...	1,073,500	
" for debenture interest	...	...	26,225	1,099,725
				<u>4,376,427</u>

Value of Estates Company's properties after allowing a further writing down of £148,110 (A.A. Company's shares owned by Estates Company) from already reduced values	...	...	2,580,746
			<u>1,795,681</u>

say £1,800,000

Apply to this the estimated part proceeds of call, the balance of £200,000 to be applied to contingency account against doubtful debts in bank	250,000
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Leaving ultimate shortage of ... £1,550,000

To provide for deficiency in bank, write down the £5 5s. shares £3 and the £7 10s. to £4 5s.

This will give, available from capital	...	...	387,500
and from reserve fund (the balance of reserve fund to go to profit and loss account)	37,500

£425,000

Create preference shares	£500,000
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To be subscribed by Government in fully paid-up shares of £10 each, and to be paid for by Government securities bearing $3\frac{1}{2}$ per cent interest. The dividend on the preference shares to be $3\frac{1}{2}$ per cent. cumulative.

The capital then will be—

"A" stock	...	...	...	...	...	£2,000,000	
Preference shares	...	...	...	...	...	500,000	
Ordinary shares	...	...	...	...	...	512,500	
							3,012,500

Purchase the business of another bank which can readily be done with the funds now available.

Institute Assets Board as provided in former scheme for working Assets Company. Debentures to be issued by Assets Board to Bank bearing $3\frac{1}{2}$ per cent., and Government to guarantee deficiency, whatever it may be, but which is now estimated at £1,550,000, and for such guarantee to have security over:—

(a.) Ordinary share capital	...	...	...	...	...	512,500	
(b.) Reserve liability	...	...	...	...	...	1,000,000	
(c.) Profits of bank for next five years, which may be estimated at	...	...	...	...	...	250,000	
							£1,762,500

Parliament further to—

- (1.) Revoke Bank-note Act *re* issue, and give the sole issue of notes in the colony to the Bank of New Zealand.
- (2.) Give Bank entire agency of Government in London, including inscription of stock, payment of interest, &c.
- (3.) Give power to all local bodies to inscribe their stock with Bank of New Zealand.
- (4.) Prohibit Bank of New Zealand shareholders from winding-up the Bank until the £2,000,000 borrowed under guarantee be repaid.

J. G. WARD.

SIR R. STOUT'S PROPOSALS.

That the colony grant assistance to the maintenance of the Bank; and that the following be the terms and conditions—viz.:—

- (a.) That the Government should take £500,000 worth preference shares bearing $3\frac{1}{2}$ per cent., dividends to be paid by issuing £500,000, $3\frac{1}{2}$ per cent. stock;
- (b.) That the shareholders pay £500,000 in calls of reserve liability;
- (c.) That the share capital of the Bank be written off the deficit—that is, £1,350,000;
- (d.) That the balance of the ascertained deficiency—namely, £1,765,000 + £376,000 = £2,141,000, less £1,350,000 (say to allow a margin of £59,000) £850,000—be guaranteed by the Government on condition that the reserve liability (£500,000) and the shares (£500,000) be held as security for the guarantee;
- (e.) That the Government business in London be granted to the Bank;
- (f.) That no dividends be paid on the share capital for at least two years, and not until at least a reserve fund of £200,000 has been formed;
- (g.) That the £1,000,000 of guaranteed stock be handed to Bank for use in Bank;
- (h.) That the Bank be allowed to amalgamate or to purchase the business of another Bank, provided no cash passes on such amalgamation or purchase but only shares be issued, and then only if the Governor in Council approves;
- (i.) That the shares of the Bank taken by the Government to be redeemable by the shareholders; and that as soon as possible a sinking fund be created to repurchase the shares.

RAMIFICATIONS OF THE BANK OF NEW ZEALAND IN NEW ZEALAND.

Shareholders in New Zealand number 1,050.

They are liable for £403,000.

One hundred and fifteen branches.

28,584 current accounts.

Holds money for 35,110 people, whose deposits amount to £4,219,000.

Its discount accounts, representing traders' acceptances, are equal to £456,000.

It has credited thousands in every trade, and the Colony of New Zealand is its creditor for—

In New Zealand	...	...	...	...	...	£458,000	
In London	...	...	...	...	...	945,000	
							£1,403,000

Mr. Macarthy was asked for this information when before the Committee by the Hon. the Premier.

Bank of New Zealand, Head Office, Wellington, 23rd August, 1895.

SIR,—

I have now the honour to furnish the following information required by the Committee:—

1. Number and classification of deposits in the Bank of New Zealand: See memorandum attached marked "A."

2. Number and classification of advances: See memorandum attached marked "B." (Will follow this evening.)

3. Number and domicile of shareholders and number of shares held.

New Zealand	1,050	59,067
Australia	425	26,831
United Kingdom*	1,419	63,189
Non-resident	11	913

Total number of shareholders	2,905	150,000
-------------------------------------	-------	---------

4. Profit and loss statement herewith.

5. Number of persons employed by the Bank of New Zealand and the Estates Company in New Zealand—

Bank (including President and Auditor)	421
Estates Company	858
	1,279

I have, &c.,

W. WATSON, President.

The Hon. C. C. Bowen,
Chairman Joint Committee, Houses of Parliament.

Bank of New Zealand, Wellington,
23rd August, 1895.

SIR,—

I have the honour to hand you herewith statement of the Bank's profit and loss account for the year ended 31st March last. In connection therewith I would point out that the profits last year were exceptionally low for the following reasons:—

1. Owing to the crippled state of the Bank's finances prior to the transfer of the Head Office from London and the consequent necessity of calling in advances, the business had been run down to a very low point.

2. The floating of the £2,000,000 of guaranteed capital in July, 1894, filled the Bank's coffers with money, for much of which either no employment whatever could be found, or only nominal rates obtained, as it had to be kept against debentures falling due, and lent at about $\frac{1}{2}$ per cent. per annum, whereas we paid $5\frac{1}{2}$ per cent. on these debentures.

3. The Bank was paying the high rate of 5 per cent. on most of its deposits. The bulk of the money at this rate has now run off.

4. The heavy expenses of removing the Head Offices from London and Auckland to Wellington had to be met during the year.

5. On a number of accounts on which interest had previously been charged the new management decided it was inexpedient for the present to charge interest. This further reduced the Bank's earnings.

6. London exchanges during the year were adverse, chiefly caused by the Australian Banking troubles.

The Hon. C. C. Bowen, M.L.C., Chairman
Banking Committee.

I am, &c.,

C. G. ANDREWS,
Acting General Manager.

APPROXIMATE ESTIMATE OF ADDITIONAL EARNING-POWER OF BANK UNDER AMENDED PROPOSALS SUBMITTED.

	£
Value of Inscription business, London, per annum	14,000
£1,000,000 A Stock now earning 3 per cent. if invested in general business of bank calculated to earn $4\frac{1}{2}$ per cent.	15,000
Net profits of another bank £45,000, say	30,000
$3\frac{1}{2}$ per cent. on £1,850,000 now earning nothing	64,750
Saving in administration	15,000
	£138,750

There will be a further addition earned on the amount paid up from the shareholders, which will increase as the calls are paid.

In addition to this, there will be a saving to the Estates Company of $1\frac{1}{2}$ per cent. per annum on £1,500,000.

W. WATSON, President.

* The larger proportion of the shareholders beyond New Zealand were formerly residents and maintain interests in the colony.

AGGREGATE BALANCE-SHEET at 31st March, 1895.

<i>Liabilities.</i>			<i>Assets.</i>		
	£	s. d.		£	s. d.
Capital—			Coin and cash balances at bankers ..	1,302,009	0 0
4-per-cent. guaranteed stock ..	2,000,000	0 0	Bullion in hand and in transit ..	92,185	0 0
100,000 shares of £5 5s. each ..	525,000	0 0	Investments ..	880,213	0 0
50,000 shares of £7 10s. each ..	375,000	0 0	Bills receivable and bills discounted ..	2,112,348	0 0
Call of 1895 account ..	159,745	0 0	Other advances and securities and debts due to the bank, including £1,372,661 due by the Bank of New Zealand Estates Company ..	5,123,002	0 0
Notes in circulation ..	468,195	0 0	Bank of New Zealand Estates Company shares, par value ..	1,850,000	0 0
Bills payable in circulation ..	1,486,891	0 0	Landed property, bank premises, &c. ..	419,981	0 0
Deposits and other liabilities ..	7,141,755	0 0	Deficiency ..	376,898	0 0
	<u>£12,156,586</u>	<u>0 0</u>		<u>£12,156,586</u>	<u>0 0</u>

Pro forma balance-sheet of the Bank of New Zealand, after writing off bad and doubtful debts in accordance with auditors' estimate. J. M. BUTT, Auditor.

STATEMENT of PROFIT and LOSS ACCOUNT for Year ended 31st March, 1895.

<i>Dr.</i>			<i>Cr.</i>		
	£	s. d.		£	s. d.
Interest paid on fixed deposits—			Balance forward from March, 1894 ..	37,799	0 0
Guaranteed stock, rebate on bills, &c. ..	295,452	0 0	Gross profits ..	430,703	0 0
Expenditure—					
Salaries, rates, rents, taxes, &c. ..	172,607	0 0			
Balance	383	0 0			
	<u>£468,442</u>	<u>0 0</u>		<u>£468,442</u>	<u>0 0</u>

RICHARD W. GIBBS, Acting Accountant.

THE BANK OF NEW ZEALAND ESTATES COMPANY (LIMITED).

BALANCE-SHEET at 31st March, 1893.

<i>Dr.</i>			<i>Cr.</i>		
	£	s. d.		£	s. d.
To Share capital:—			By Properties and other Assets:—		
Authorised—			Old properties—		
75,000 6-per-cent. cumulative preference shares of £10 each. ..			Balance represented by these at 31st March, 1893, inclusive of the expenses of obtaining transfer of titles, formation of the company, issue of debentures, and prior incumbrances paid off ..	2,789,281	2 8
125,000 ordinary shares of £10 each. ..			New properties—		
Issued—			Cost of properties acquired by company, including expenditure on stock and improvements ..	500,544	15 3
60,000 6-per-cent. cumulative preference shares of £10 each ..	600,000	0 0	Amounts due from purchasers of the properties ..	161,737	4 10
125,000 ordinary shares of £10 each ..	1,250,000	0 0	Other debts due to the company ..	54,132	19 9
Debentures (redeemable in 1910) ..	1,500,000	0 0	Cash on deposit for debent' re-holders, being proceeds of sales of properties ..	412,980	12 1
Loans and debts due by the company ..	605,434	6 3	Bills receivable on hand ..	19,998	14 9
Accrued interest on debentures ..	21,225	0 0	Cash at bankers, and on hand ..	62,789	9 7
Profit and loss balance from that account ..	24,805	12 8			
Contingent liabilities under guarantees ..					
	<u>£4,001,464</u>	<u>18 11</u>		<u>£4,001,464</u>	<u>18 11</u>

PROFIT and LOSS ACCOUNT for the Year ended 31st March, 1893.

	£	s. d.		£	s. d.
To Directors' fees, management, cables, and office expenses in England ..	3,705	7 3	By Balance at 31st March, 1892 ..	43,638	2 6
Ditto in New Zealand ..	4,564	13 0	Less dividends on preference and ordinary shares ..	40,000	0 0
Land-tax and license-fee in New Zealand ..	11,552	16 9		<u>3,638</u>	<u>2 6</u>
Interest on debentures and exchange ..	84,975	0 0	Net revenue from properties and assets, &c., for the year ended 31st March, 1893, including adjustment of previous years ..	126,107	8 4
Interest on bank overdrafts, less on deposits ..	1,135	18 6	Commission, &c., in London ..	933	10 10
Profit carried to balance-sheet ..	24,805	12 8	Transfer fees ..	60	6 6
	<u>£130,739</u>	<u>8 2</u>		<u>£130,739</u>	<u>8 2</u>

DUNCAN STEWART,
Secretary.

R. J. JEFFRAY,
JNO. A. EWEN, } Directors.

I beg to report that I have compared the above balance-sheet with the audited accounts received from the Auckland office of the company, and with the books and vouchers of the company in London, and find it to be in accordance therewith. Certificates for the amount on deposit at the various branch agencies' bank accounts have been seen by me, as well as the pass-books for the balances at the banks in London.

London, November, 1893.

Auditor.

THE BANK OF NEW ZEALAND ESTATES COMPANY (LIMITED).

PROFIT and Loss Account for YEAR to 31st MARCH, 1894.

<i>Expenditure.</i>	£	s.	d.	<i>Receipts</i>	£	s.	d.
Directors' fees, management, cables, and office expenses in England	2,966	18	8	Balance per accounts to 31st March, 1893	24,805	12	8
Directors' fees, management, cables, and office expenses in New Zealand ..	5,289	1	6	Less dividend paid thereout	24,000	0	0
Land-tax and license-fee in New Zealand	11,016	6	8		805	12	8
Income-tax for three years, to March, 1893	3,201	0	3	Net revenue from properties and assets in New Zealand	80,170	5	4
Interest on debentures and exchange ..	85,800	0	0	Commission, &c., in London	1,014	7	11
Interest on bank overdrafts, less on deposits	7,297	6	2	Transfer fees	76	1	0
				Balance—Loss carried to balance-sheet	33,504	6	4
	£115,570	13	3		£115,570	13	3

	£	s.	d.
Loss shown on New Zealand Balance-sheet	29,232	9	0
Deduct 1893 profits unapplied	805	12	8
	28,426	16	4
Add loss declared in London	5,077	10	0
	£33,504	6	4

BANK OF NEW ZEALAND ESTATES COMPANY.

BALANCE-SHEET as at 31st March, 1895.

<i>Liabilities.</i>	£	s.	d.	<i>Assets.</i>	£	s.	d.
SHARE CAPITAL.				PROPERTIES.			
Authorised—				Balance, representing unrealised properties at date, including cost of issuing debentures, preliminary expenses, and permanent improvements ..	3,021,581	19	6
75,000 6-per-cent. cumulative preference shares, £10 each				Amounts due from purchasers ..	128,360	2	8
125,000 ordinary shares, £10 each ..				Advances to trading concerns: Working capital supplied	21,000	0	0
Issued—				Bank of New Zealand	27,661	11	4
60,000 preference shares	600,000	0	0	Cash in hand	132	10	9
125,000 ordinary shares	1,250,000	0	0	Bills receivable	100	0	0
	1,850,000	0	0	Adjusting account of revenue ..	6,150	0	0
Debentures redeemable in 1910 at 103	750,000	0	0	Debts due to the company	10,506	10	1
Bank of New Zealand	1,112,535	12	10	Balance—Profit and loss account ..	521,584	0	5
Accrued interest on debentures ..	21,225	0	0				
Onehunga Ironworks Stock Reserve ..	3,816	1	11				
	£3,737,076	14	9		£3,737,076	14	9

N.B.—Assets, in terms of section 16 of "The Bank of New Zealand Share Guarantee Act, 1894," are taken as at par or book-value.

This is to certify that, having examined the above balance-sheet and accounts, and compared them with the relative books, returns, and vouchers, we have found the same to be correct. This certificate, however, is qualified by our special report of even date. Profit and Loss Account attached herewith.

J. B. HOBART.
R. W. GIBBS.

Wellington, 24th July, 1895.

AUCKLAND AGRICULTURAL COMPANY (LIMITED).

PROFIT and Loss Account for the Year ending 31st March, 1893.

<i>Receipts.</i>	£	s.	d.	<i>Expenditure.</i>	£	s.	d.
Interest on ordinary mortgages	266	1	10	Interest on bank overdraft	1,352	9	0
" Surrey Hills mortgages	262	3	2	Directors, honorarium	75	0	0
" New Zealand Loan Company				Land-tax	1,342	9	3
Trust Funds	997	9	11	License	200	0	0
Profit on working stations for year ..	6,170	2	8	Payment Estates Company, cost of management and office expenses ..	355	5	0
				Sundries	117	5	3
				Wool consignment account	721	3	3
				Balance, profit	3,532	5	10
	£7,695	17	7		£7,695	17	7

AUCKLAND AGRICULTURAL COMPANY (LIMITED).

PROFIT and Loss Account for Year ending the 31st March, 1894.

<i>Receipts.</i>	£	s.	d.	<i>Expenditure.</i>	£	s.	d.
Interest received—				Interest on bank overdraft	357	16	5
Ordinary mortgages	753	1	6	Land-tax	1,149	18	10
Surrey Hills mortgages	271	5	0	License	200	0	0
Accrued interest on Loan Company Trust Funds	1,375	0	0	Income-tax account, debenture-holders ..	213	11	0
Profits on working stations for year ..	5,745	18	1	Payment Estates Company, cost of management and office expenses ..	350	0	0
				Sundries	113	15	3
				Balance, profit	5,760	3	1
	£8,145	4	7		£8,145	4	7

AUCKLAND AGRICULTURAL COMPANY (LIMITED).

PROFIT and Loss Account for the Year ending 31st March, 1895.

Receipts. £ s. d.			Expenditure. £ s. d.		
Interest on trust funds ..	1,910	1 6	Loss on working stations for year ..	4,974	19 6
Interest on mortgages, &c. ..	760	2 4	Balance, London Charges Account ..	26,348	0 8
	2,670	3 10	Balance, London Interest Account ..	198,476	8 1
Less accrued at 31st March, 1894 ..	1,455	0 0		229,799	8 3
		1,215 3 10	Less balance at credit of Profit and Loss Account in London, being profits made in New Zealand for 1893 and 1894, now transferred to our books ..	9,292	8 11
Balance, loss ..		288,172 19 3		220,506	19 4
			Amount written off share investment and farming stocks ..	61,237	4 2
			Interest on bank overdraft (ordinary account) ..	933	15 0
			Accrued interest on debentures ..	5,000	0 0
			Graduated land-tax ..	414	6 9
			Ordinary land-tax on account debenture-holders ..	731	6 8
			Income-tax on account debenture-holders ..	296	7 0
			License-fee ..	200	0 0
			Sundry general charges ..	68	4 2
				£289,388	3 1
				£289,388	3 1

AUCKLAND AGRICULTURAL COMPANY (LIMITED).

STATEMENT of ASSETS and LIABILITIES as at 31st March, 1895.

Assets. £ s. d.			Liabilities. £ s. d.		
Stations, &c.—			Stations—		
Land and improvements ..	493,470	2 2	Sundry creditors, B.N.Z. Estates Co., &c. ..	4,645	15 10
Stock and implements ..	73,195	3 3	Accident insurance account ..	42	4 2
Horse, stock, and grass-seed, manure, and sundries on hand ..	4,302	0 7	Bank of New Zealand, Cambridge Station, working account ..	13,012	19 5
General—			Bank of New Zealand—Ordinary account ..	90,185	14 0
Mortgages and agreements ..	£34,669		Bank of New Zealand, No. 1 account ..	90,968	3 5
Less Pah mortgage (property being also shown as an asset below) ..	28,490		Debentures outstanding—		
	6,179	0 0	Old issue ..	£4,950	
Surrey Hills unpaid balances ..	3,743	16 0	New issue ..	278,010	
Pah Estate and other properties taken over from Williamson's ..	28,708	2 4		282,960	0 0
Shares in various companies taken over from Williamson's ..	5,150	0 0	Accrued interest on debentures ..	5,000	0 0
Funds in hands of trustees ..	21,414	12 8	Sundry accounts held in suspense ..	1,238	0 2
	£636,162	17 0	Apparent surplus ..	148,110	0 0
				£636,162	17 0

BANK OF NEW ZEALAND ESTATES COMPANY (LIMITED).

PROFIT and Loss for Twelve Months ending 31st March, 1895.

Expenditure. £ s. d.			Income. £ s. d.		
Debenture interest and exchange ..	84,588	18 10	Revenue from stations ..	9,883	19 1
Land- and income-tax in New Zealand ..	10,538	17 5	Revenue from other assets ..	14,336	12 6
Interest ..	12,286	8 4		24,220	11 7
Cost of management in New Zealand ..	6,435	17 11	Less net loss on assets beyond N.Z. trading concerns and sundry assets ..	7,189	16 5
Cost of management in London ..	1,854	6 3		17,030	15 2
Premium on redemption of first moiety of debentures ..	37,500	0 0	Balance profit and loss at 31st March, 1895	177,308	7 6
Cost of remittance for same ..	7,875	0 0		£194,339	2 8
Balance of profit and loss carried forward from 1894 ..	33,259	13 11			
	£194,339	2 8			

Pro forma COMBINED BALANCE-SHEET of the BANK OF NEW ZEALAND ESTATES COMPANY (LIMITED) and AUCKLAND AGRICULTURAL COMPANY (LIMITED) as at the 31st March, 1895.

Liabilities. £ s. d.			Assets. £ s. d.		
Capital paid up,—			Stations—		
Estates Company ..	1,850,000	0 0	Land and improvements ..	1,083,959	0 0
Auckland Agricultural Company ..	148,110	0 0	Stock and implements ..	335,453	0 0
Debentures,—			Sundry freeholds in New Zealand ..	396,460	0 0
Redeemable in 1910 at 103 ..	750,000	0 0	Interest in Thames Valley Land Company, represented by land and stock ..	50,256	0 0
Redeemable up to 1902 ..	282,960	0 0	Coal-mine and land, Waikato ..	12,977	0 0
Debts due to the bank ..	1,426,702	0 0	Freeholds beyond New Zealand ..	23,607	0 0
Accrued interest on debentures ..	26,225	0 0	Leaseholds ..	52,508	0 0
Reserve for loss on Onehunga ironworks stocks ..	3,316	0 0	Trading concerns ..	421,062	0 0
Sundry accounts in suspense ..	1,238	0 0	Shares ..	16,792	0 0
Sundry creditors ..	4,688	0 0	Mortgages ..	101,569	0 0
	£4,493,239	0 0	Sundries ..	21,020	0 0
			Amounts due by purchasers ..	132,089	0 0
			Sundry balances due to company ..	59,690	0 0
			Funds in hands of trustees ..	21,414	0 0
			Deficiency ..	1,764,383	0 0
				£4,493,239	0 0

NOTE.—The above is an estimate of the position after writing down the book-cost of the properties to the level of the latest valuations received.

31ST MARCH, 1895.

COMBINED BALANCE-SHEET of BANK OF NEW ZEALAND ESTATES COMPANY (LIMITED), AUCKLAND-
AGRICULTURAL COMPANY (LIMITED), AND MATAMATA AND JOINT INTERESTS, ETC.

	Bank of New Zealand Estates Company (Limited).	Auckland Agricultural Company.	Bank of New Zealand in re Matamata, &c.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
<i>Liabilities.</i>				
Capital—				
£60,000 6-per-cent. preference shares ..	600,000 0 0	..	..	600,000 0 0
£125,000 ordinary shares ..	1,250,000 0 0	..	..	1,250,000 0 0
£333,940 preference shares				
£533,940 (£333,9440 preference and £200,000 ordinary) shares, £385,829 at 18s. written off, leaving ..	..	148,110 2 0	..	148,110 2 0
Debentures—				
Redeemable in 1910, at £103 ..	750,000 0 0	..	..	750,000 0 0
Redeemable up to 1902 ..	..	282,960 0 0	..	282,960 0 0
Debts due to Bank of New Zealand—				
Bank of New Zealand Estates Company—				
General Account ..	875,327 10 4			
Station Adjustment Account ..	186,785 6 1			
Auckland Agricultural Purchase Account ..	50,000 0 0	..	..	1,112,535 12 10
Account Joint Interests ..	405 0 9			
London Office Account ..	17 15 8			
Auckland Agricultural Company—				
Ordinary Account ..	..	90,185 14 0	..	194,166 16 10
No. 1 Account ..	..	90,968 3 5	..	
Station Working Account ..	..	13,012 19 5	..	
Matamata Company Account ..	..	..	120,000 0 0	120,000 0 0
Accrued interest on debentures ..	21,225 0 0	5,000 0 0	..	26,225 0 0
Reserve to provide for loss—Onehunga Iron-works Stocks ..	3,316 1 11	..	..	3,316 1 11
Sundry accounts in suspense ..	..	1,238 0 2	..	1,238 0 2
Sundry creditors—				
Bank of New Zealand Estates Com-pany .. £4,645 15 10				
Accident Insurance Company .. 42 4 2	..	4,688 0 0	..	4,688 0 0
	3,737,076 14 9	636,162 19 0	120,000 0 0	4,493,239 13 9
<i>Assets.</i>				
Stations—				
Lands and improvements ..	1,024,943 1 0	493,470 4 2	68,124 0 0	1,586,537 5 2
Stock, implements, &c. ..	244,431 15 3	77,497 3 10	13,525 0 0	335,453 19 1
Sundry properties—				
Freeholds ..	624,285 6 9	27,273 2 4	2,008 0 0	653,566 9 1
Leaseholds ..	70,119 5 10	..	5,602 0 0	75,721 5 10
Funds in hands of Trustees ..	..	21,414 12 8	..	21,414 12 8
Mortgages ..	103,796 17 5	7,614 0 0	..	111,410 17 5
Shares ..	346,072 1 9	5,150 0 0	..	351,222 1 9
Amounts due from purchasers ..	128,360 2 8	3,743 16 0	..	132,103 18 8
Sundry balances due to company ..	65,550 12 2	..	..	65,550 12 2
Sundries ..	53,343 19 11	..	..	53,343 19 11
Amount paid to bank in excess of Mr. Hean's valuation ..	54,507 0 0	..	..	54,507 0 0
Trading concerns ..	554,589 11 7	..	30,741 0 0	585,330 11 7
Realisation Adjustment Ac- count, Deficiency .. £39,068 7 3				
Realisation Adjustment Ac- count, Expenses, commis- sion, &c. .. 4,343 6 1				
Cost of issuing debentures .. 187,500 0 0				
Preliminary expenses .. 13,998 19 7				
Station Improvement Sus- pense Account .. 44,858 0 0				
	289,768 12 11	..	..	289,768 12 11
Balance Profit and Loss Account ..	177,308 7 6	..	..	177,308 7 6
	3,737,076 14 9	636,162 19 0	120,000 0 0	4,493,239 13 9

STATEMENT showing NUMBER and CLASSIFICATION of DEPOSITS in the BANK OF NEW ZEALAND, at 31st MARCH, 1895.

Particulars.	New Zealand.		Other Colonies.		London.		Totals.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
Deposits—		£		£		£		£
On demand (including public bodies)	24,030	1,686,320	2,000	226,569		103,990	..	2,016,879
At 3 months' date	127	54,718	..	..		..	..	54,718
At 6 " "	533	107,593	81	11,946		1,250	..	120,789
At 12 " "	10,102	2,244,472	744	123,324		333,856	..	2,701,652
At 24 " "	318	126,237	14	5,775	8,351	234,711	..	366,723
At 36 " "				6,500		267,648	..	274,148
At 48 " " .. ..				..		77,494	..	77,494
At 60 " " .. ..	..	..	..	..		26,337	..	26,337
At 12 months' notice .. ..	..	..	..	..		214,054	..	214,054
Government Deposits—								
On demand .. ..	..	718,379	..	107,725	..	319,292	..	1,145,396
At 6 months' date .. ..	..	..	..	6,577	..	..	..	6,577
At 12 " " .. ..	..	..	..	38,380	..	..	..	38,380
Estates Company .. ..	..	34,735	..	3,427	..	..	..	38,162
Sundry internal adjusting accounts	..	60,446	..	..	..	..	..	60,446
Total	35,110	5,032,900	2,839	530,223	8,351	1,578,632	41,300	7,141,755

STATEMENT SHOWING NUMBER AND CLASSIFICATION OF ADVANCES IN BANK OF NEW ZEALAND AT 31ST MARCH, 1895.

Particulars.	New Zealand.			Other Colonies.			London.			Totals.		
	No. of Advances and Bills.	Amount.		No. of Advances and Bills.	Amount.		No. of Advances and Bills.	Amount.		No. of Advances and Bills.	Amount.	
Overdrafts ..	4,554	£	s. d.	432	£	s. d.	31	£	s. d.	..	£	s. d.
Promissory Notes to Bank	44	3,878,111	0 0	5	974,467	0 0	..	81,355	0 0	..	4,933,933	0 0
Bills discounted..	10,995	1,373	0 0	840	5,734	0 0	106	..	..	..	7,107	0 0
Totals ..	15,593	1,548,738	0 0	1,277	483,315	0 0	137	219,560	0 0	17,007	2,251,613	0 0
		5,428,222	0 0		1,463,516	0 0		300,915	0 0		7,192,653	0 0

MEMORANDUM OF LIVE-STOCK ON STATIONS.

North Island—			Cattle.	Sheep.	Horses.
Awamate ..	...	...	58	8,496	22
Beerescourt ..	...	...	94	289	9
Carnarvon ..	...	...	535	17,019	22
Kakare ..	...	...	24	2,830	5
Lockerbie ..	...	...	742	25,307	68
Mangatoro ..	...	...	1,522	40,897	82
Matamata...	...	...	3,433	44,297	172
Motoa ..	...	...	1,932	14,085	20
Ohauti ..	...	...	611	...	...
Paparamu...	...	...	986	7,399	26
Rangiatea ..	...	...	244	8,432	43
Rangiuru ..	...	...	2,574	157	54
Richmond Downs ..	...	...	1,044	9,057	37
Waimana...	...	...	287	6,703	21
South Island—					
Albury ..	...	...	12	30,832	17
Arowhenua ..	...	...	303	12,972	27
Rangitata ..	...	...	...	7,791	...
Riverslea ..	...	...	...	2,346	...
Awatere ..	...	...	37	40,035	48
Bushy Park ..	...	...	4	6,285	6
Clarence ..	...	...	6	36,854	24
Eskbank ..	...	...	18	9,733	32
Glentui ..	...	...	20	31,135	11
Mitcham ..	...	...	...	822	3
Retreat ..	...	...	6	1,660	3
Waihaorunga ..	...	...	8	32,219	35

MEMORANDUM OF LIVE-STOCK ON STATIONS—*continued*.

Auckland Agricultural Company—

Fencourt ...	...	...	2,699	...	15,296	...	133
Waitoa ...	...	...	2,582	...	22,163	...	22
Paeroa ...	...	...	1,254	...	12,887	...	28
Okoreire ...	...	...	<u>1,310</u>	...	<u>24,520</u>	...	<u>63</u>

Summary—

Estates Company	14,500	...	397,652	...	787
Auckland Agricultural Company	...	<u>7,845</u>	...	<u>74,866</u>	...	<u>246</u>
Total	22,345	...	472,518	...	1,033

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