

132. By what is the Auditor-General guided in his work—by a desire to do that which would be generally understood by the public, or a desire to do that which is required by the statute?—It ought to be something which is generally understood by the public.

133. In contravention of the statute?—It is difficult to conceive that the statute could be contravened by rendering accounts in proper form.

134. If the statute interferes, then, would it not be the right thing to alter the statute?—Undoubtedly.

135. You do not affirm that the Controller and Auditor-General's decision was contrary to the statute?—I said that the balance-sheet as submitted is a balance-sheet as mentioned in the sections of the Act.

136. That is not the point at issue. The point is whether it is in compliance with the statute?—I will say Yes to that.

137. You have read section 108 of the Act?—Yes.

138. How do you interpret it? Take the first part, please: "With respect to each coal-mine"—each coal-mine?—Under subsection (b) it says, "The Minister shall cause a balance-sheet for the year to be prepared." That balance-sheet must contain certain things. It must contain the capital fund out of which the different ventures are worked.

139. You are accustomed to read statutes, I presume?—Yes.

140. (a), (b), (c), (d), and (e) are subsections of section 108, and are governed by the first section, which says "each coal-mine." Therefore it is the balance-sheet of each coal-mine that is required, not the general balance-sheet?—I do not read it in that way.

ROBERT WILBERFOSS examined. (No. 4.)

141. *Mr. Heyes.*] You are a Fellow of the New Zealand Accountants and Auditors Association?—Yes.

142. You are a public accountant practising in Wellington?—Yes.

143. You have had considerable experience in dealing with manufacturing accounts and extensive trading accounts?—Yes.

144. You are Vice-President of the Council of the New Zealand Accountants and Auditors Association?—Yes.

145. You have seen the balance-sheet of the State Coal-mines of the 31st March, 1906?—Yes.

146. And the Coal-mines Act of 1905?—Yes.

147. Do you consider that the balance-sheet as submitted reasonably complies with the Coal-mines Act, section 108?—Yes, I do.

148. You have seen the tag that the Auditor-General has placed on the accounts: do you think it is possible to comply with the requirements as he has set them out?—I really think that this balance-sheet practically does. Of course, I am not a lawyer to give the exact legal meaning of the phraseology of the Act. I take it that there are two balance-sheets submitted.

149. Submitted in these papers?—Yes.

150. And that this balance-sheet complies fully and faithfully with the provisions of the sections of the Act of 1905?—Yes, that is my opinion.

151. The question has been raised as to the keeping of accounts where there are several branches under one proprietary. Where there are general accounts, general expenses and other general items of expenditure that cannot be definitely allocated at the time of the expenditure, are usually kept in one account and allocated at the close of the year: is that so?—I know what you mean. There are certain expenses that would go into a general Profit and Loss Account as distinguished from a Profit and Loss Account of each department.

152. In dealing with the Profit and Loss Account for the branches the definite and actual expenditure in connection with the profit and loss would be charged to separate accounts; but there are general expenses incurred generally over the whole of the operations, such as travelling-expenses, and printing and stationery, and rent of offices for the head office—there are head-office expenses that are usually allocated out of one general account. Is that so?—Unquestionably.

153. They are usually allocated at the close of the year?—Yes.

154. They are kept in one general account, and at the close of the year they are usually allocated to the branches in whatever proportions it is considered they should be charged?—Unquestionably.

155. *Hon. Sir J. G. Ward.*] Have you made a close study of the Coal-mines balance-sheet?—Not a very close study. I have only had this and gone through it, and it seems to me to be a perfectly plain and simple balance-sheet. I have found no intricacies in the matter at all. The balance-sheet gave me every information that I wanted. I could trace the Capital Account and the capital expenditure upon each mine, and the Profit and Loss Account of each mine is shown properly, distinctly, and clearly. Anything that I wanted to trace I was able to trace quite easily.

156. In practice would it be possible for the accountancy branch of that Department to issue an independent balance-sheet, giving all the details necessary for a balance-sheet, unless the two businesses were run separately?—I take it you require two balance-sheets. You have got a Capital Account of each separate mine. Certainly, they are not on two separate pieces of paper, but you have got here the total capital expenditure of each mine; then you have your Profit and Loss Account of each mine.

157. Then you consider that is a fair balance-sheet for both mines?—Undoubtedly so, and I really do not see how you could put it in any other form. I assume that what you mean is this: to make a separate balance-sheet you would have to allocate a certain proportion of the amount of the debentures to one mine—

158. And a proportion of the expenditure and receipts?—Certainly. I do not see how you could do it more simply or better than you have got it here.