

159. Then, if the Controller and Auditor-General, under section 108 of the Act, considers that separate balance-sheets should be shown, are you of opinion that they could not be made out unless the two businesses were run separately?—I do not think they could, unless you had two absolutely separate sets of books for each mine, and you allocated to each mine at the commencement of the business, or as you went on, a certain proportion of the amount of the debentures. I think it would be possible, but it would create an enormous amount of detail-work and answer no purpose. The Minister of Mines is running these mines as a whole.

160. *Mr. J. Allen.*] I understand you to say that the Minister has got here a statement showing the accounts as a whole?—Yes.

161. Do you know the law on the matter—clause 108—which says that he is to keep a separate account for each mine?—So, I take it, he has, because he has got here his capital expenditure on, say, the Point Elizabeth Mine. Here is his Capital Account for the Point Elizabeth Mine shown quite clearly and distinctly, and he has got his Profit and Loss Account.

162. Have you seen the books?—No.

163. You do not know whether in the books they keep separate accounts for each mine?—I presume they do, or else I do not know how Mr. Heyes has got his particulars.

164. You have never seen the books?—No.

165. You do not know how he has got the particulars. Do you think that he has arbitrarily divided these accounts up at the end of the year—some of them?—Some of the Profit and Loss entries he may have, but I should be very much surprised to find that he has allocated anything in his Capital Account.

166. Do you think the books would show any allocation of Capital Account at all?—No. It would be in this way, I presume. He would have an account in his book called, to take the Point Elizabeth Mine, the “Point Elizabeth Colliery and Development Property Account.” Then another called the “Machinery, Plant, Ropes, and Rolling-stock Account.”

167. With regard to the unallotted capital, do you think he has got any account showing the allocation of that unallotted capital—because he has to charge interest on it to somebody?—He will have a Debenture Loan Account.

168. A general account?—Unquestionably.

169. But how is he going to charge interest on that to each mine?—He has only got the two mines to charge it to.

170. How is he going to charge it?—Upon the proportion of the capital embarked in each mine.

171. But there is some capital that is not embarked in the mines?—The Minister has got to pay the interest on it, and he has to charge it—

172. I want to know how he is going to charge it to the separate mines. Does he not need to allocate the unexpended capital to be able to charge it?—I do not follow you.

173. There is a general account with some unexpended debenture money? Somebody has to pay the interest. The two mines have to. When he is making up his Profit and Loss Account, should he not allocate this unexpended capital to either mine in order to get at the interest that he must charge to each?—No, I do not see that.

174. How can he keep a separate account for each mine if he does not?—I presume that in the first instance he debits his Interest Account with the interest on the debentures.

175. The General Account?—His Interest Account. Then he credits his Interest Account, and he debits each of these mines with the proportionate amount of that interest.

176. On what principle?—On the principle of the amount of capital invested in each mine.

176A. The capital already expended on the mine?—Yes.

177. Should not that be shown in the books?—I presume it would be.

Mr. Heyes: It is shown in the books.

HENRY KEMMER examined. (No. 5.)

178. *Mr. Heyes.*] You are a Fellow of the Institute of Accountants of New Zealand?—I am.

179. You are a public accountant, and have been practising in Wellington for many years?—For many years.

180. You have had a large experience in dealing with manufacturing concerns' accounts and the accounts of proprietaries which have a number of branches?—Yes.

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

182. You have gone through it carefully?—Yes.

183. You have seen the Coal-mines Act of 1905?—Yes.

184. The sections applying to the accounts?—Yes.

185. Do you consider that the balance-sheet as submitted by the Department complies reasonably with the sections of the Act which provide for the accounts being kept?—I think so—thoroughly.

186. You have seen the “tag” of the Auditor-General and my memo. with respect to it?—Yes.

187. I contend there that the balance-sheet as submitted complies with the provisions of the Act. Do you think that, a reasonable interpretation of it?—That is my interpretation of it, for this reason: There you have a balance-sheet that is presented by the Department which actually shows three distinct balance-sheets—that is, the balance-sheet of the Department and the balance-sheet of each mine. Therefore, that balance-sheet includes the whole of the accounts in the ledger. There is no account in the ledger but what is included in the balance-sheet, and as the Capital Account and the Profit and Loss Account are shown there I do not see how it is possible to show any more, because it shows everything. The only contention, as far as I can see, that could be raised about the matter is that that balance-sheet, which is three distinct balance-sheets, may be, according to the interpretation of the Auditor-General, cut into three separate sheets. That is all there is, it seems to me, about it—that, instead of producing one balance-sheet showing three