

Audited and certified, subject to the following remarks:—

The balance-sheet does not show how the undermentioned moneys received by the Superintendent from the Public Trustee are accounted for,—

(1.) The moneys amounting to £159,980 2s. 5d., which the Public Trustee received as an Assurance Fund under section 53 of the Act of 1894, and paid over during the previous year to the Superintendent for investment in mortgages as part of the Debenture Fund in accordance with the provisions of section 2 of the Amendment Act of 1905.

(2.) The moneys amounting to £1,824,227 12s. 5d., which the Public Trustee received under section 55 of the same Act for the Debenture Sinking Fund, and from time to time paid over to the Superintendent for investment in mortgages as part of the Debenture Fund in accordance with subsection (3).

The Act of 1894, by which provision was made for the Assurance Fund and the Debenture Sinking Fund, is the Act under which the loans were raised. It was repealed by the Act of 1906, which, though making no provision for such funds, does not provide what shall become of the moneys previously paid to them, or that such moneys shall cease to belong to them.

In the previous year's balance-sheet there was entered as for the Assurance Fund a liability of £50,000. It should have been £159,980 2s. 5d., the difference of £109,980 2s. 5d. having been applied directly and indirectly towards writing-down the loan-flotation charges. In the present balance-sheet no Assurance Fund appears; but a sum of £50,000 is entered as a liability for the Reserve Fund established by section 26 of the Act of 1906, though the Governor has not directed by Order in Council, as the section requires, the sum of which such Reserve Fund shall consist. Thus, the amount of £50,000 previously entered as a liability for the Assurance Fund seems to have been converted into the liability for the Reserve Fund.

There was no payment made by the Superintendent to the Public Trustee on account of the Assurance Fund between the 1st April and the 29th October, 1906—the date of the passing of the Act of 1906—of one-tenth of all moneys received in respect of interest on investments, as required by section 53 of the Act of 1894.

The balance at credit of the Suspense Account at the close of the year was £20,100 6s. 3d., of which £18,644 5s. 11d. consisted of moneys retained for a time out of loans granted to mortgagors, while the balance of cash in hand and in the Public Account amounted only to £12,268 15s. 6d.

The amount of £6,453 appearing as the liability for the moneys required to be applied in establishing the Sinking Fund under section 27 of the Act of 1906 was not "paid out of" the Advances to Settlers Account, as section 22 requires. This amount forms, by book-entry, part of the allocation of the balance of £49,389 1s. 1d. of the Profit and Loss Account, a balance of which £45,392 2s. 10d. is derived from entries in the Interest Account in respect of interest overdue and accrued interest.

J. K. WARBURTON,

16th July, 1907.

Controller and Auditor-General.

The balance-sheet has been prepared strictly in accordance with the provisions contained in "The Advances to Settlers Act, 1906," so far as I understand them. It was hoped that these provisions, which were made in pursuance of the recommendations of the Public Accounts Committee, would have enabled the Controller and Auditor-General to give a clear certificate to the balance-sheet, which has been prepared in the form adopted in previous years, and several times approved by the Public Accounts Committee.

It appears, however, impossible to comply with the requirements of the Controller and Auditor-General, and at the same time to keep true, clear, and intelligible accounts, and there is no alternative but to accept the perennial tag.

18th July, 1907.

P. HEYES, F.S.A.A., Eng.,
Superintendent.

WORKERS' BRANCH.—BALANCE-SHEET.

STATEMENT of LIABILITIES and ASSETS at 31st March, 1907.

Liabilities.			Assets.		
	£	s. d.		£	s. d.
Advances on account of loan ..	20,000	0 0	Advances on mortgage ..	5,490	0 0
Suspense Account ..	1,216	1 0	Interest receivable accrued ..	17	4 6
Accrued interest payable ..	168	15 4	Profit and Loss Account ..	433	11 2
			Cash in hand and in Public Account ..	15,444	0 8
	<u>£21,384</u>	<u>16 4</u>		<u>£21,384</u>	<u>16 4</u>

STATEMENT of PROFIT AND LOSS ACCOUNT for the Three Months ended 31st March, 1907.

Dr.			Cr.		
	£	s. d.		£	s. d.
To Management Expenses Account ..	282	0 4	By Balance ..	433	11 2
Interest Account ..	151	10 10			
	<u>£433</u>	<u>11 2</u>		<u>£433</u>	<u>11 2</u>