

tion 2, Freehold Land Account of (now) 4,866 acres in debit (see my report of the 9th November, 1920, for system of accounting in connection with these blocks) £4,958—or, in other words, to show this amount as a *deduction* from the total value of the freeholds in the “Statement showing the Position of the Different Blocks as at the 31st March, 1921.” This account will ultimately require to be adjusted to record the value of the remaining land.

I may here mention that amounts shown at the foot of the statements of the various block accounts as the values of the blocks are merely the book values, and not necessarily the present-day values.

When I was in Gisborne I had an interview with Mr. John Harvey, agent for the present East Coast Commissioner, in connection with the system of accounting, and pointed out to him that it was probable that on going further into the accounts, particularly the farm accounts and the accounts of the Natives, a number of discrepancies would be discovered. I understand that Mr. Harvey has already found a number of these discrepancies. These will be adjusted in the current year's accounts. I fear, however, that it will involve a great amount of work before the rental accounts and the corresponding Natives' accounts are satisfactorily adjusted, and in this connection would refer you to my remarks under the heading “Rentals” in my report of the 9th November, 1920.

Herewith please find a set of the accounts for the year ended 31st March, 1921.

I have, &c.,

ARTHUR T. CLARKE, A.C.A.

The Hon. the Minister of Native Affairs, Wellington.

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