

in that year the company owed the National Bank some £76,000. In 1923 the paid-up capital stood at £273,000; uncalled capital, £31,000; while the debt to the bank had been comparatively recently reduced from £350,000 to £303,000. He points out that from 1916 to 1921 profits totalling over £60,000 were carried to profit and loss and available for appropriation, and this after some £55,000 for repairs and additions, and £38,000 for depreciation, had been charged against earnings.

Attached to that report is a table showing particulars of paid-up capital, uncalled capital, bank overdraft, balance-sheet valuations of works, steamer, &c.

We attach as Appendix B Mr. Mountfort's report and table.

We attach as Appendices C, D, and E copies of comparative statement of the assets and liabilities of the company prepared and submitted by Mr. Clarke, an accountant called by Sir John Findlay.

We attach as Appendix F a copy of a balance-sheet put in by Mr. Jolly as having been prepared by the company and handed by the chairman of directors to the bank.

We attach as Appendix G a copy of a balance-sheet to 31st August, 1923, put in by Mr. Jolly as having been reconstructed by the bank from the company's balance-sheet.

We attach as Appendix H a copy of the annual report and balance-sheet of Mr. Lysnar's company for the year ending 31st August, 1923—which, it might be noted, is unaudited.

We attach as Appendix J a copy of a statement put in by Mr. Jolly, headed "Balance-sheet, August, 1923," which is referred to in his evidence.

We attach as Appendix K a digest of balance-sheets put in by Mr. Jolly, dealing with the balance-sheet valuations of the works and the steamer for certain years, and showing particulars of the bank overdraft during certain years.

We also attach a copy of typewritten documents, as Appendices L and M, referred to by Mr. McLellan as the balance-sheet and Profit and Loss Account in respect of which he had received definite instructions to get the balance-sheet out in a certain form, and that in consequence thereof no amount was shown by him as for depreciation. It is in this document that the item "depreciation" with no figure filled in after the word "depreciation" appears, and it is in respect of this document that Mr. McLellan says he was instructed not to take depreciation into account.

Reference to the evidence of Mr. McLellan will show that he got instructions from the directors not to write depreciation off, and that the definite instructions from the directors to get the balance-sheet out in a certain form was minuted in the minute-book.

The relative killings in the works for certain years were stated in evidence (page 1154) to be: 1917, 165,574; 1918, 234,553; 1919, 316,981; 1920, 323,283; 1921, 309,069; 1922, 144,276; and at another page, 1923, 220,362.

STEAMER "CODRINGTON" AND HER VALUE.

In October, 1919, the company purchased the steamer "Codrington" at a cost of about £318,000, and in order that the steamer would be suitable for the carriage of frozen produce the sum of about £90,000 was expended on fitting the vessel up, although the estimate given to the company's bankers relative to this matter was approximately £20,000. The steamer was, unfortunately for the shareholders of this company, purchased at the top of the shipping market. She was purchased against the advice and strong remonstrance of the National Bank, and it was admitted by Mr. Lysnar that this was so.

At page 108 of the notes Mr. Lysnar mentions: "Mr. Duthie was very strongly against us going into the shipping question. He thought we were wrong and foolish, and should not do it." (Mr. Duthie was the then general manager of the bank.)

According to a statement in the company's report for the year ending 31st August, 1923, the directors claimed that the actual working of the steamer had shown a profit. Against this, however, is to be set the evidence of Mr. Clarke, whose evidence, in our opinion, was both truthful and straightforward. His evidence shows that the working of the steamer has not been profitable.