

MONDAY, 1ST OCTOBER, 1894.

*Mr. Bevan*: I wish to put in some supplementary evidence which has escaped my notice. I refer to the delegates' visit to the West Coast, which took place after the issue of the circular on the 26th November, 1888. The delegates were Messrs. Callan and Sinclair. They came with reassuring proposals to the shareholders. They stated that if we went into liquidation then—they were delegated by the directors—we would, by the payment of half a crown in addition to the amount already called up, place the company in a strong financial position, and retrieve all its past losses. The balance-sheet of that year disclosed, unfortunately for their remarks, that the losses had multiplied to an enormous extent, the increase of management being £6,000, and the losses were very large, amounting to 191 per cent. in that year. This alarmed the shareholders to a very great extent. The balance-sheet came out in March, the business being closed at the end of December. When the shareholders met they discovered that, instead of these nice promises being verified, the thing was going headlong into ruin. That naturally led to a good deal of comment at several meetings. Then Mr. Maxwell, the general manager, visited Hokitika and the West Coast towns, ostensibly with the view of assuring the shareholders of the sound position of the company, and, to show his faith in the association, said he had himself acquired 400 shares. He fully satisfied the shareholders that all things were right. That was about the month of May, 1889, and we got the balance-sheet in March. We were so fully assured that all things were right that no further notice was taken till again a balance-sheet came up about March, 1890. The balance-sheet of 1889 disclosed greater losses than ever—the cost of management and losses came up to 205 per cent. Naturally enough the suspicions of the shareholders were aroused that something was wrong. Presently I got a telegram from Mr. Mark Sinclair, one of the directors, from Ahaura, dated the 3rd October, 1890, to this effect: "Will call at Hokitika on Monday night; would like to meet the shareholders." The shareholders acquiesced, and the meeting was held on the 8th October. Mr. Sinclair said he appeared there as a director and a shareholder, but at no expense to the association. Believing that our losses were nothing more than other companies were suffering, I took the trouble to enlighten shareholders by drawing up a table showing the result of six years' business, transacted from 1884 to 1889, by six companies in New Zealand. [Witness then went on to enumerate the companies, but Dr. Findlay objecting he was not allowed to proceed.] The Equitable Insurance Company showed a loss of 28 per cent. for six years on their net premium income—that is to say, that we paid £128 for every £100 we received.

2. *Mr. Callan*.] I intend to examine Mr. Bevan on matters relating to the company from May, 1889—that, is during the time of my connection with the company. I direct your attention to clause No. 2 in the petition, "That up to the present time 13s. 6d. per share has been called up on 145,956 shares, amounting to £98,520 6s., which sum—together with £14,221 18s. 11d., profits disclosed in balance-sheets, 1883 to 1886 inclusive, making a grand total of £112,742 4s. 11d.—has been absolutely lost during the period 1887 to 1894." When you say that 13s. 6d. has been called up on 145,956 shares, do you assume every one of these shares to be good?—I cannot make any qualification, but I am quite prepared to admit anything that you can prove has not been paid. I have assumed that shares amounting to £98,520 have been paid, and have based my statement on that assumption.

3. If I tell you that we could not put several of the shareholders on the list of contributors because they had gone bankrupt you will not deny it?—No.

4. If I tell you that the sum called up, but not paid, is not £98,520, but £96,428 14s., I suppose you will admit it?—Well, I will admit that.

5. Now, you put down the profits at £14,221 18s. 11d., will you tell me how you make it up?—Your first year's balance-sheet shows a profit of £3,390 13s. 2d.; your 1884 balance-sheet shows a profit of £7,514 13s. 8d.; the 1885 balance-sheet is not quite clear to me.

*Mr. Callan*: I will show you what the profits of that year are. The credit balance was, as you say, £6,948 0s. 8d. Then the amount carried forward from last year, which is £2,552 19s., has to be deducted, leaving a credit balance of £4,395 1s. 6d. That is for the year ending 1884. Now we come to the year 1885, and the credit balance that year is £6,289 19s. 3d., from which is to be deducted the sum carried forward, thus showing a total profit amounting to £13,275 6s. 1d., instead of £14,221 18s. 11d., as stated by Mr. Bevan, from which must be deducted dividends amounting to £3,173.

*Mr. Bevan*: Then, that is £10,102 6s. 11d. you make it?

*Mr. Callan*: Yes.

6. *Mr. Callan*.] Why did you not deduct the profits paid to the shareholders in the first instance?—I admit the error, and I attribute it to the documents of the company not being placed before the shareholders.

7. But you had the balance-sheets to go by?—Yes, but other documents were denied me.

8. Well, now, I come to this: How do you make out that the whole sum of £112,742 4s. 11d. was lost from 1887 to 1894?—It is calculated on 13s. 6d. per share, and the balance of profit in hand, as disclosed by the balance-sheets.

9. Now, I ask you this: The previous balance-sheets showed profits. Then, the balance-sheet of 31st December, 1887, showed a debit balance. Then, is it not a fact that all the profits must have been lost at the end of 1887? How can you say now all this sum was lost between 1887 and 1894 if it was lost at the end of 1887?—Because you have £5,000 in hard cash lying in the life department of the Government, and you have got a trust fund of £3,970 9s. 6d.

10. But that does not touch the question of these figures at all. My question is, How do you make out that £112,742 4s. 11d. has been lost since 1887?—I never got a life balance-sheet after that.

11. I ask Mr. Bevan again how the £112,742 4s. 11d. is made up, and why he put that sum in the petition?—I pinned my faith to the balance-sheets.