

11. *Hon. Mr. Seddon (to Mr. Booth).*] Of course, of your own knowledge, you cannot tell; you were not a director at the time, and cannot tell us what led to the writing-off?—I have no knowledge.

12. Who is the balance-sheet signed by?—G. P. Pierce and J. L. Wilson, auditors.

13. Are those auditors in the bank now?—Not to my knowledge. Mr. Pierce is dead.

14. And Mr. Wilson?—I do not know him.

15. You cannot say anything as regards the accuracy of the balance-sheet submitted. Will you give us the balance-sheet of 1889?—I have got the 1889 balance-sheet, which includes the London office up to the 31st January.

16. What was the position of the bank in the year 1889 as disclosed by that balance-sheet?—The capital here is £1,124,824, and the balance to profit and loss is £84,449 12s. 7d.

17. What are the assets there shown as valued over liabilities?—£1,213,273 12s. 7d.

18. What was the paid-up capital at that date?—£1,124,824.

19. And the reserve fund?—The reserve fund seems to have disappeared.

20. What was the reserve fund in 1888?—£500,000.

21. And the reserve fund the next year has disappeared. That would mean that between 1888 and 1889, with the sum of £216,885 written off in 1888, and the reserve fund of £500,000 which has disappeared, a total of £716,885 was lost in two years as shown by the balance-sheet. What you have shown now shows an increase of capital. How do you account for that? Was any new capital called up or new shares issued?—25,000 shares of £10 each were issued, of which £7 was paid up.

22. That accounts for the increase in capital?—Yes.

23. What was the amount realised by way of new capital?—£174,824.

24. What was the amount (if any) which was written off in 1889?—There appears to have been £109,565 written off for that year.

25. That would show, with £500,000 of the reserve fund, £216,000 for 1888, and £109,000 written off for 1889, a total written off within twelve months of £825,000. I want to be clear about the £500,000 which disappeared—the reserve fund?—That appears to have been used between 1889 and 1890, and carried forward to reserve in 1890, and then written off with the other provision made for bad debts, because the amount of 1890 was £1,169,555.

26. Was there any writing down in 1888 and 1889?—I do not see from these figures here.

27. What is shown there is £826,450. In 1890, what was the capital of the bank?—£1,125,000 in 1890.

28. What are the assets shown over liabilities?—£1,224,783 11s. 5d.

29. Is there any share-capital increase that year?—No; there does not appear to be any increase.

30. Was the share-capital written down?—No; there is none.

31. There is no writing down of share-capital?—No.

32. And no reserve fund written down?—No; there is no reserve fund at all.

33. There is no reserve fund created?—No.

34. What are the writings-off in 1890, if any?—£1,169,555.

35. That makes the totals of writings-off, together with the lost reserve fund of £500,000, of £1,996,005?—You are adding the reserve fund?

36. Yes?—I expect the reserve fund is in this £1,169,000.

37. How do you account for it disappearing, if not written off till 1890, from the balance-sheet in the year previous?—It would probably be kept in the suspense account. These figures are supplied by Mr. Gibbs, the accountant, and he says he has had some difficulty in tracing the arrangement of accounts up to 1894. Since 1894 he has attended to them himself, and is perfectly clear about them. There is an explanation here which the Committee can have up to 1894. It is quite clear the reserve fund has disappeared in this amount of £1,169,000.

38. But if the £500,000 is not shown in the reserve fund of the balance-sheet of 1889, it should be shown in the suspense account. Now, will you give the suspense account for 1888 and 1889?—There is no trace of it in these balance-sheets.

39. Half a million disappears and there is no trace of it?—There is no trace of it as a separate item. It will no doubt make an error to the extent of that £500,000 reserve fund. No doubt it is there. The auditors who signed both those balance-sheets—Mr. Wilson, Mr. Scott, and Mr. Brown—are all alive at the present time, and could be summoned to give an explanation of it to the Committee. Mr. Wilson is in Auckland. I believe that £500,000 is in that million which disappeared in the balance-sheet of 1889.

40. We will now come to the year 1891. What is the position of the bank as disclosed by the balance-sheet at that date?—The capital is £897,833, and the balance to profit and loss £59,522 1s. 3d. There is a new reserve fund comes up in this balance-sheet of £20,000; that is taken out of the £59,522. There is an amount carried to the reserve fund of £20,000, and a dividend paid at the rate of 5 per cent., and that leaves a balance carried forward of £18,272. Provision was made in 1891 for writing off £18,949.

41. Come back to 1888, 1889, 1890. What was the dividend declared in 1888?—In March, 1888, a dividend was paid at the rate of 7 per cent., absorbing £35,000.

42. In March, 1889?—A dividend was paid at the rate of 7 per cent., which absorbed £33,063.

43. And 1890?—There was no dividend paid in 1890.

44. In 1891?—Five per cent.; the amount absorbed being £21,250.

45. What was the writing-off in 1891?—£18,949 in 1891.

46. What was the capital reduced by between 1890 and 1891?—£227,167.

47. Where did the difference go between these amounts; there is a loss of capital there of £200,000?—It is quite evident that it has been absorbed in that large sum written off in 1890. It is in 1891 that it disappeared from the balance-sheet.