

conservative course. The views of the shareholders have been very carefully considered by the board, but we had to take into consideration the fact that it is a long time since the shareholders of this bank received any dividend, and, as there are amongst us a good many to whom some return upon their capital is of considerable importance, especially in these evil days, and looking at the fact that there seems every hope that we may now be able to commence paying regular dividends—although, perhaps, of a moderate amount—we feel ourselves justified in recommending you to take the small distribution which is mentioned in the report, and that, I hope, will meet with the approval of the shareholders. If you approve of that distribution it will leave us £18,272 to carry forward. . . . As regards the Estates Company, we have every reason to believe that this is a satisfactory asset. The sales of the property, as far as they have gone, have come out well above the valuation made by the late Mr. Hean, and they have consisted almost entirely—I may say entirely—of properties which return the very smallest revenue.” In the face of that, it is contradictory to your assertion that included in the list you have given now—over £2,000,000—was included ascertained losses prior to 1888?—Yes; I am not able to understand that statement of the directors.

26. I will ask Mr. Booth, also on this head, another question. This is the circular by Mr. Buckley, intended for circulation in London: “The report of Mr. Hean, as representing the London board, now published, is so far satisfactory in corroborating my statement of the bank’s affairs at the meeting in October last that I will only briefly review it, as the figures are cleverly put to mislead. My remarks at the meeting were made as a member of the shareholders’ committee, appointed at Auckland in 1888, and then referred only to the affairs of the bank as affecting the committee’s report of the 3rd October, 1888. The inference, of course, was that the accounts submitted to them were faulty and inaccurate to such an extent that otherwise this report would never have been made. . . . The Globo assets account should be treated separately, and cannot be mixed up with current business in terms of the last Bank Act. Mr. Hean states the additional loss on the Globo assets account to December last as £349,000. The total of the details given by me was £354,000. Against this is placed surplus of the bank’s premises, £150,000, which means, I suppose, difference in estimated valuation and the amount they stand at in bank’s books. This item was, however, fully considered and allowed for by the committee when estimating £800,000 as required to cover all losses, and should not be dragged in now to be made use of a second time.

“ Undivided profit to the 31st March last	100,000
“ Sundry suspense accounts	16,000
	£116,000
“ Less—	
“ Losses in current business to the 24th February last	£54,000
“ Sydney defalcations	28,000
	82,000
“ Balance	£34,000.”

In the face of that, do you still think the amounts were included in the losses to the bank prior to 1888?—They were not ascertained at that time, but it is quite evident that the bank properties on which those estimates were given were overvalued.

27. This is from Price, Waterhouse, and Co. to the London board of directors of the Bank of New Zealand: “If the valuations of Mr. Hean are adopted, the balance-sheet for the 31st March, as received from Auckland, requires amendment by writing down the ‘Globo’ assets by the sum of £349,000; thus bringing the assets to a figure corresponding with Mr. Hean’s valuation of £3,107,993 for the 30th December, 1889; by writing off the loss on current business, £54,000; and the amount of the Sydney defalcations, with the costs relating to the same, £34,000: a total of £437,000. Against this total may be set off the present balance of profit and loss, £99,783 11s. 5d., and sundry reserves and suspense accounts now standing on the books, £16,000—£115,783 11s. 5d.—leaving a net deficiency of £321,216 8s. 7d.” That is taken from the year 1890. I again ask this question: Seeing the statement by the balance-sheet and report as sent to London as against your statement, do you think they are still in the losses in the amount submitted to the committee by you?—I think so. I am satisfied that for the years before 1888 the properties were over-valued.

28. Were you a party in preparing this report submitted at the ordinary general meeting of the shareholders, held in London on the 27th August, 1894: “The directors have to submit to the shareholders the annexed balance-sheet for the year ended the 31st March last. The net profits, after making provision for bad and doubtful debts, amount to £41,078 17s. 1d., to which has to be added £19,161, brought forward from last year. . . . There are certain accounts in the bank’s books for which, in the opinion of the board, it is probable provision may later on have to be made.” This is an extract from the chairman’s (Mr. Glyn’s) speech at the same meeting: “Now, the purely banking business of the concern has been good—it has been distinctly good, I may say. We have not only been able to pay what I admit is not an exorbitant dividend of 5 per cent., but we have also written off something like £60,000 bad debts, and we have put £45,000 into Consols, which are there still in the name of the Bank of New Zealand. But we have not been so fortunate with this huge lock-up in the Estates Company, and there are a great many reasons for it. We started well. For the first two years we thought we should be able to turn it within a reasonable time into an agricultural estate; but things have gone very much against us within the last two years, and especially within the last year. First of all, there has been the land policy of the Government, which, with high taxation, low prices of produce, and bad trade generally, have very much affected the returns from the Estates Company. . . . Now, just consider for one moment what a load this lock-up in the Estates Company has been upon the bank—£1,850,000 in this