

70. Why have you left it undisturbed if it was provided for the specific purpose of writing-off bad debts?—Because we have had the money available from the profits of the bank, and we thought it wise to use the money available and conserve the contingency fund to that extent.

71. Then, am I to understand that the contingency fund has thereby become £54,000 in a stronger position?—Practically, so far as provision is concerned, for all bad and doubtful debts it is stronger by some £50,000.

72. But you will still require, probably, the whole of it for bad debts?—I think so.

73. Do you estimate that a large sum will be required for bad debts now during the year?—That depends entirely upon the character of the management of the bank, and, to a large extent, upon the efficiency of the audit.

74. Can you say whether, since the report of the shareholders' Committee in 1889, amounts have been written off directors' accounts—I am not asking for any names?—I could not answer that question.

75. Do you mean to say that you could not, or that you decline?

76. *The Chairman.*] Do you mean that you do not know?—As far as I know it is not the case; and if it were the case, I would not be able to give the information.

77. You have no knowledge of anything of the kind?—No.

78. *Mr. Montgomery.*] A word about the secret reserve fund you alluded to. Is this customary in banks?—I believe so.

79. Does it appear in the balance-sheet?—It would appear only in the liabilities of the bank.

80. Would the secret reserve fund be among the liabilities?—Yes, that would appear amongst the liabilities of the bank.

81. Would it be included in the general term "liabilities"?—When the money is put aside the bank is liable for it when wanted.

82. What was the amount of the secret reserve fund of the Bank of New Zealand?—I have a return here that will supply the particulars. Perhaps I had better give you everything that went to make up the £1,531,951 that was used.

83. *The Chairman.*] Will you be able to hand that in?—Perhaps that would be the better plan.

84. *Hon. Mr. Seddon.*] Read it and hand it in?—There was capital, £900,000; reserve fund, £45,000; calls made in 1895—and here is where one of the differences of the account arose that changed the figures to which you referred; the amount taken for writing-off included practically the call as it was paid up to the 13th July, 1896: the amount taken was £441,206. Then there were profits accrued £7,031 11s. 5d. Then there were other profits put aside in connection with accounts—old bank arrangements; a reserve supplemented by suspense accounts which made up £54,193. Then there was another reserve which in the books of the bank is called the general contingency account, which amounted at the time to £62,480 18s. 8d. There was another interest suspense account amounting to £3,720 5s. 10d. Then there was another account which had recoveries to its credit to the extent of £105 6s. 3d. Another account called the consolidated property account had to its credit £41 10s. 10d. Then in addition there was a reserve profit account which had to its credit £17,968 8s. There was also another account called the bad debts suspense account which had to its credit £204. So that the capital and every reserve which the bank at the time had available for writing-off was £1,531,951 1s. The whole of these resources available for the purpose were appropriated as follows: Estates Company share account £441,206—that was the exact amount of the call paid up to the date according to the arrangements made; the share-capital of the Estates Company was written-down to the extent of £323,100: those made the total which you have had given to you before of £764,306. Then the bad debts written off from the bank were £542,316, and a further writing-off which covered the balance-sheet made up to the 31st March, 1896, of £54,193. That left the contingency fund which is now available at £171,136. That gives the exact position covering everything to the 31st March, 1896. [Exhibit A put in.]

85. *Mr. Montgomery.*] Have you the balance-sheet of 1896 before you?—Yes.

86. How much does the Bank of New Zealand share account appear to have been written-down from last year?—The whole of the capital was written off.

87. In the Bank of New Zealand Estates Company?—I have not got the Estates Company balance-sheet.

88. You have it in the balance-sheet of 1895. How much is written-down?—The amount is £760,177 2s. 5d.

89. In the return you handed in the sum written off the Estates Company appears as £764,386?—I expect the difference arises from the fact that the statement I handed in covers some money that was used beyond what is shown in the balance-sheet of 31st March, because in the statement I handed in the call that had come in up to 13th July of 1896 was used, and probably the difference is there.

90. Was the Bank Committee of last year informed of these reserves that were available for writing-off their debts?—I do not know if the particulars were given to them—the special accounts from which they arise that I have given now to the Committee—but the gross sum, the whole amount which the bank had available, was disclosed to the Committee.

91. Then, it was disclosed to the Committee, but not disclosed in the Committee's report. The Committee did not disclose these apparently secret amounts?—No. The report to the Committee last year went to show that a certain sum was required to make further provision for losses in the bank. That sum amounted to £376,000; but that was only the balance required after the bank had used every shilling of those reserves referred to this morning.

92. And do you still say the Committee were aware of these reserves last year?—I do not know whether they were distinctly informed of what the reserves were, but they were aware that the entire resources of the bank were exhausted, and that there was still about £376,000 required.