

93. Were they made aware that such reserves existed at all?—They were made aware of this, that after the bank had made provision to the last shilling of its available funds there remained a further deficiency to cover to the extent of about £376,000.

94. *The Chairman.*] But were they told that such a reserve existed and had been appropriated?—I am not able to say. The bank were not able to make a claim for Government assistance for any amount until they had absorbed every source they had themselves for providing against losses.

95. *Mr. Montgomery.*] These interest suspense accounts—is that shown in the balance sheet?—I expect they all would be shown in the balance-sheet as liabilities.

96. Do you show them or not?—It would be included in the heading “Deposits and other liabilities.”

97. Then you are correcting your answer of a previous day. On the 22nd you said the secret reserves were obtained from suspended interest not shown in the balance-sheet?—No, not the specific items.

98. You meant that they were included in the words “Other liabilities?”—Yes; as soon as they are put aside the bank is liable to produce them as soon as they are wanted.

99. Do you still keep a number of suspense and other accounts—bad-debt suspense accounts? Are they still in the bank?—I am not prepared to say. Practically they were all wiped out at the time. Whether they were revived I do not know.

100. *The Chairman.*] All the accounts were existing, but you do not know whether anything was put to them or not?—That is so.

101. *Mr. Montgomery.*] What is the interest suspense account?—It is interest taken on accounts that have become unsatisfactory, but meanwhile it is placed in the suspense account instead of being taken as profits made during the year and distributed.

102. You placed it in a suspense account?—Yes; it may be required, and may not.

103. *The Chairman.*] Do you mean interest was received but not debited?—The account is debited with the interest, but the condition of the account would not warrant a prudent management dividing the money and paying it away.

104. You could not divide that which you had not received?—Yes.

105. *Mr. Montgomery.*] What is the value of the trading concerns owned by the bank or the Estates Company?—I think the returns show, but I could not give you the figures.

106. Are they in the return handed in to-day?—It is one of Mr. Foster's returns. I could not give you the figures.

107. Did Mr. Foster hand in the profit and loss account of the trading concerns?—I do not think so.

108. Is there such an account?—He has promised to give the profit and loss account of the Estate Company.

109. Does the bank charge these trading concerns the ordinary rates of overdraft interest and discounts, or do they have special concessions?—I believe it is quite true that they do not have practically any special concessions.

110. They have none?—I believe not.

111. Can you say there is anything in Mr. Foster's account to show that interest has been made by the trading concerns from year to year?—I am not able to reply to that question.

112. Do you know if Mr. Foster's account shows the trading account every year?—I have no doubt they show that.

113. How long do you think it will be before the trading concerns are realised?—I would like to say with regard to the concessions to trading concerns that the complaint with those managing them is all the other way. They say they are dealt with more hardly than are the ordinary accounts, and I think they are; but it is a matter of policy, and is, I think, a prudent arrangement.

114. How long will it be before the trading concerns are ultimately realised?—I am not able to say any more than that we have sold some and have several others under offer, and that there is a reasonable prospect of quitting the whole of them within the next year or two.

115. Within the next year or two?—I think so.

116. Can you say what is the amount of shares held in companies by the bank?—No.

117. Does it appear in Mr. Foster's returns?—I have not seen those returns. I am not able to say what the amount is.

118. Can you say what interest the shares pay?—I do not know what they are paying.

119. Can you say if the shares have any, and what, uncalled liability?—The great bulk of them have no liability. There may be a liability existing upon a few, but it is not a serious amount, and for the most part the trading concerns are paying very well.

120. Are there many mining property shares?—There are not many.

121. In the balance-sheet of 1896 I presume the interest on the guaranteed capital up to date is included in the liabilities?—Yes.

122. When were the preferred shares issued?—I believe in the early part of this year.

123. Is the interest on them up to date included in the liabilities?—I believe so.

124. *The Chairman.*] Do you know if that is so? Your answer, “I believe so,” is not quite definite?—I say I believe so because it is inevitable from the way in which the books are kept.

125. *Mr. Montgomery.*] Does the bank intend to pay £50,000 to the Assets Board?—I am not able to say what can be done, because the whole of the arrangements affecting that are in pieces at present on account of the difficulty about the adjustment of the accounts.

126. But to provide for the adjustment, the £50,000 has to be paid over to the Assets Board?—If the accounts are accepted, as I hope they will be and think they should be, the bank will easily provide what is required.

127. They have £52,000 to do it out of?—I am not able to say exactly what the amount is, but within £300 or £400 the £50,000 is available.

128. £52,576 2s. 1d. is the profit and loss account?—Yes.