

letter; and in all probability it is substantially different from this value which is given here in the Committee's report—I.-6 of last year.

63. What I want to get at is this: Who was responsible for this valuation—£1,879,000?—It was in the books of the bank. Beyond that I cannot say, but I think either Mr. Cuff or Mr. Hanna would be the proper parties to get the particulars from.

64. I presume that Mr. Cuff would be the person best acquainted with the balance-sheet—profit-and-loss account?—Yes; he would be able to give all the information you want.

65. There was, as a matter of fact, a heavy loss in 1895 on the properties?—I am not aware that there was any loss in 1895 at all different from the loss which had been accruing from year to year for some time.

66. 1895 was a bad year, was it not?—I am afraid they had all been bad years for some time before.

67. Have you a profit-and-loss account for 1896?—Of the Estates Company?

68. Yes?—No; Mr. Foster could produce it, I have no doubt.

69. Can you tell me the book-value of the Estates Company and the Auckland Agricultural Company?—I have not got the papers here.

60. As far as the writings-off of the Estates Company are concerned, there are no writings-off from private accounts?—I could not say.

71. Now, there are a few leading points in this adjustment dispute. Will you tell us the history of the sum of £54,507 which appears in the combined balance-sheet of the bank, the Estates Company, and the Auckland Agricultural Company as the amount paid in excess of Mr. Hean's valuation?—I do not think anybody here—at least, I know of nobody—who is acquainted with the history of that item. I know it was reported to the Committee last year, and was included in the £2,371,000 which was to be covered by debentures.

72. Was objection taken to the sum?—I am not aware that objection was taken to it.

73. By the auditors?—The special audit? Yes, under misapprehension, I think.

74. Will you explain the misapprehension or the mistake?—It appears to have arisen through their being under the impression that the adjustment which was to be made might extend to and go behind the position as it was fixed by the Bank of New Zealand and Banking Act of last year. They do not seem to have been aware that the £54,000, however it arose, was provided for, and was set forth in the arrangement that was made last year. I think Mr. Butt, the Auditor of the bank, would be the best person to give full information about the position.

75. Will you explain shortly the misapprehension that arose with regard to the writing-down of the stock?—The value of the stock, along with the land and other property was arranged to be covered by the debentures for £2,731,000. The value of the stock was given with the other values, and we expected and it was arranged that the value put upon the stock at that time was to be a fixed amount to be covered along with the other properties by the 3½-per-cent. debentures. There was no change in the value of the stock affecting what was reported to the Committee and affecting the figures upon which the debentures rested. The change in the value of the stock was simply a matter of account and management arising subsequent to the adjustments made last year.

76. Did Mr. Foster write the stock down?—I think it would be better to leave the explanation of that point to Mr. Foster, who will be better able to satisfy the Committee as to the misunderstanding.

77. You, as an attorney, could tell us what positions the attorneys took up with regard to Mr. Foster's writing-down?—As soon as it was reported to us we said at once that we did not feel able to interfere with the values which had been placed before the Committee last year, and which the Committee had provided for.

78. Did you direct Mr. Foster to write the values up accordingly?—We directed that the figures should be left as submitted to and provided for by Parliament last year.

79. Can you explain the item of £44,858 connected with station-implements suspense account, or would Mr. Butt?—Mr. Butt and Mr. Foster would be able to give you the details. I could not give you the details.

80. Is there any prospect of any adjustment being shortly agreed to?—I hope so.

81. I presume until the adjustment is made the debentures cannot be issued?—I believe not.

82. How long would it take to get the debentures ready?—I do not know. I should think a fortnight would be ample time.

83. You can give us information with regard to the apparently large sum for the valuations of Matamata objected to by the auditors. Can you explain the objection by the auditors? Who made the arrangement with regard to Matamata?—It was made in London in connection with the reconstruction of the Loan and Mercantile Agency Company.

84. What was the arrangement?—I am not able to give the details of it, further than to say that we were not pleased with the arrangement when it came to our knowledge, and on writing to London for an explanation, we were told that it was part of a concession which had become necessary owing to the fact that until the securities held by the Bank of New Zealand for the indebtedness of the Loan and Mercantile Agency Company to it were set free, the reconstruction scheme was not possible to be carried out, and that its failure would be an unfortunate thing for the bank. And we were also told that there was a further reason for making the arrangement arising from the fact that some of the securities which the bank held were not in a satisfactory position.

85. As a matter of fact, at the time the matter was brought before the parliamentary Committee, the Estates held the whole of Matamata?—Yes; they were in possession of the whole estate at that time. Mr. Butt would be the likeliest person I know of to give you further details, if you wish to have them; but it is not likely that he is fully acquainted with the matter, because it was done in London, and the papers are there.