

NOTES.—(1) Land and indigenous forests other than areas purchased have been valued as follows: Prairie value, 5s. per acre; protection, £1 per acre; merchantable forests, £40 per acre; accretions during year have been brought into the accounts at the prairie value of 5s. per acre. Pending completion of the National Forest Survey, no debit has been made in the accounts and no reduction has been made in the asset. Indigenous standing forests" in respect of the value of timber or timber rights disposed of. (2) Up to 31st March, 1940, the cost of establishment of exotic forests included compound interest on the net expenditure from year to year. (3) The liability for advances from Consolidated Fund is fixed by section 21 of the Finance Act, 1926, and section 3 of the Finance Act, 1927, at £104,250. Of this amount, £87,405 only is shown as a liability, the balance of £16,845 representing the expenditure on sand-dune reclamation which was transferred, without statutory authority, to the Crown Lands Account. (4) Profit and Loss Accounts have been produced only in respect of the operation of mills. (5) Apart from central administration expenses, £191,543 (1947-48) and £144,309 (1948-49), which have not been charged to the forestry operations, all expenditure except on operation of mills has been treated as an accretion of development costs. (6) All proceeds from sales of timber plus the profit on mills have been deducted from development expenses.

A. R. ENTRICAN, Director.
R. J. WELLS, Chief Accountant.

I hereby certify that the Balance-sheet and accompanying statements (General Revenue Account and Statement of Expenditure and Income on Capital Account for each of the two years ended 31st March, 1949) have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby, subject to the departmental notes en faced thereon and to the explanatory notes dealing with departmental accounts generally as appearing at commencement of parliamentary paper B-1 [Pt. IV].—J. P. RUTHERFORD, Controller and Auditor-General.