266. By looking at that ledger can I discover where the balances come from?—You could not without the assistance of pencil.

267. Ought not the balance of the last ledger in which that account was kept to be the first entry in that ledger?—Yes.

268. Look through the first ten folios of that ledger, and tell me how that account is kept?—I notice several mistakes which have been corrected.

269. Do you notice any summations in ink on any of the folios?—Yes.

270. Are any of them correct?—I say the summations are absolutely correct.

271. Then turn to folio 5, showing a balance of £846—the debtor summations £273, and the creditor summations £718. How are we to prove the balance?—You cannot without going back.

272. You see the same incorrectness on folio 6—in fact, on the whole of the folios up to folio 10. Do you notice on folio 10 that the summations which have been brought up only the other day have been ruled through as incorrect, which they are?—Yes, I do.

273. Take the next account, folio 13. That is a large account?—Yes.

274. There is no indication where the balance is brought from there?—That is so.

275. And are the summations properly made and carried forward in that account?—No, they are not. They are here in pencil; you cannot depend upon them.

276. Now run your eye through that account and tell me what you find?—There is the same fault throughout.

277. See folio 28. My object in asking you these questions so precisely is to try and educate you at this stage into the real state of your ledgers. How is the balance arrived at in folio 28? Can you tell what it comes from or what it comes out of?—I presume it must be through a former ledger, but there is no indication.

278. You notice then, at the foot of the first folio of this account (27), the balance brought down is apparently a debtor balance, as it appears in the debtor column; and yet it appears to me that your unique *red-ink* system has been departed from, and the balance is not in red ink, nor is there a D or C to show whether it is in debit or credit; or else, appearing in black ink, it is a credit balance?—It is in the wrong column.

279. And has been carried up as a debtor balance wrongly, whereas it is a credit balance. It appears to me that the balance is a debtor balance, and has been carried up as a debtor balance; but when last ruled off the balance appeared to be a credit balance, and there has been no transaction to alter it that I can see. I want your explanation. You see, when the account is ruled off in your annual balance on the 31st December, if you take the summations to guide you, they appear to confuse one more. I am not saying your balance is wrong, or that your ledger balances are wrong; only I wish to call your attention to this state of things. You will easily see that to a novice like myself it is confusing when one has to look into such a state of accounts?—I should like to call the Ledger-keeper. I cannot explain it.

280. Take folio 29—an important account—the Greymouth account?—That is one of the most important accounts in the Native Reserves Department we have in the office.

281. Look through that, and say whether it is kept and finished off under any rules of the service or under any proper system of ledger-keeping. You can go from folio 29 to folio 46—that is a long track of book-keeping to look over—and see whether the account is kept as it ought to be. I ask whether in any place or folio the summations would guide you as to the correctness of the balance?—It is defective in the same way as the others.

282. Taking the end of your last financial year, the balance you show here is £31 11s. 9d. The total summations would show a balance of £253 19s. 2d. I also draw your attention here to this extra blue-marked column. Are you aware whether this column is used for either debits or credits, or for both from time to time?—I cannot speak certainly about it.

283. I have discovered it is used sometimes for debits and sometimes for credits. What is the good of the column, looking at it as it is kept? Here is a long list of entries put into this blue money-column, occupying thirty lines, in small amounts. They tot up to £700 3s. 9d. They are carried out into the debit transaction column. Would it not have been as easy, without that blue money-column, to have had these entered at once into the debit transaction column?—The total is necessary to get at the balance.

284. True, but if you enter them into the proper transaction column you work the balance out in the same way, because you can take a slip of paper, and you sum the total up on the slip of paper and then deduct or add the total to the balance. Where, then, is the necessity for that blue column?—I do not see any great use for it.

285. Do you not think it is rather confusing than otherwise?—I do not think it is necessarily confusing, but I think it could be done without.

286. Considering the column is used either for debits or credits, is it not apt to be confusing? Supposing this blue column is used for either debits or credits for the purpose of carrying out grand totals, then is it not likely that the total may be carried into the wrong transaction column. I have come across instances during my examination where it has been so, and afterwards corrected?—My reply is, that it appears to me the nature of the entries made would guide the Ledger-keepers.

287. Supposing they were carried at once to the proper column, if this blue column were not in your ledger you would still have the debtor or creditor transaction column?—Yes.

288. Then, what is the use of departing from the usual and well-known custom of carrying the entries direct either into the one or the other?—I cannot see any great use for it.

289. Well, look over folios 29 to 46—nearly twenty folios. Is that account kept as you would like it?—No; it is not finished as I would like it.

290. Look at folio 63. Is that account finished off as you would like it?—No; it has the same fault as the others.

291. Look at folios 72 and 74. Are they finished off as you would like them?—No; there is the same fault.