SECURITIES held by the PUBLIC TRUST OFFICE on the 31st December, 1892.

——	Nominal Value.	Cost Price.
	£ s. d.	£ s. d.
Treasury bill No. 6	59,000 0 0	59,000 0 0
Treasury bill No. 12	129,400 0 0	129,400 0 0
Treasury bill No. 17	10,000 0 0	10,000 0 0
Treasury bill No. 18	14,000 0 0	14,000 0 0
Consolidated stock debentures 920 and 921	10,000 0 0	10,000 0 0
Consolidated stock debenture 835	10,400 0 0	10,400 0 0
Consolidated stock debenture 841	11,000 0 0	11,000 0 0
Government Loans to Local Bodies, debenture 713	1,000 0 0	1,000 0 0
Borough of South Invercargill Loan, debentures 11 to 20	1,000 0 0	1,000 0 0
Borough of Masterton Loan, debentures 1 and 2	200 0 0	200 0 0
Immigration and Public Works Loan, 1870, debentures 4 to 11	800 0 0	672 0 0
City of Dunedin Mortgage Bonds, 552 to 555	200 0 0	228 0 0
Dunedin Waterworks Loan, debentures 1137 and 1143	100 0 0	104 0 0
Dunedin Waterworks Loan, debentures 1032, 1033, 1044, 1074, and 1075	500 0 0	535 0 0
Kaihu Valley Railway Company (Limited), debentures 6 to 27	22,000 0 0	23,100 0 0
General Purposes Loan, 1873, debentures 32 to 35	400 0 0	340 0 0
General Purposes Loan, 1873, certificate 74	800 0 0	696 0 0
Wellington Trust, Loan, and Investment Company (Limited), shares certificate	70 0 0	81 15 0
Wellington Gas Company (Limited), shares certificate	300 0 0	300 0 0
Northern River Steam Navigation Company (Limited), shares certificate	87 10 0	87 10 0
National Bank of New Zealand (Limited), shares certificate	747 10 0	747 10 0
National Mortgage and Agency Company of New Zealand (Limited), shares certificate	182 0 0	182 0 0
New Zealand Loan and Mercantile Agency Company (Limited), shares certificate	185 0 0	185 0 0
Bank of New Zealand, fixed-deposit receipts	1,282 12 11	1,282 12 11
Union Bank of Australia	165 18 4	165 18 4
Mortgages	276,393 8 6	276,393 8 6
	£550,213 19 9	£551,100 14 9

J. K. WARBURTON, Public Trustee.
E. F. WARREN, Accountant.

Audited and found correct, except as stated in the report herewith.
JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

Wellington, 21st January, 1893.

REPORT on the BALANCE-SHEET of the PUBLIC TRUST OFFICE for the Year 1892.

THIS balance-sheet has been examined and found correct except as regards the Investment Account, which is stated to amount to £551,100 14s. 9d. This includes the sum of £276,393 8s. 6d. of mortgage securities; but the sums for which the office holds security appear to be incorrectly stated in the following cases: (1.) The mortgage is for £400; but the property has been sold, and £145 remains on mortgage: £230 should be written off to deficiencies on realisation of mortgages. (2.) The mortgage is for £300; but the mortgage has been discharged. (3.) The mortgage is for £150, of which £50 has been repaid. (4.) The mortgage is for £6,807 8s. 3d.; but, part of the land having been sold, the value of the security is only £5,335 11s. 7d. (5.) The mortgage is for £350; but the property has been sold, and the mortgage discharged. (6.) The mortgage is for £2,567 13s. 8d. The estate is being sold in parcels. The value of the mortgage should be reduced by the amount of the sales. (7.) Mortgage for £400. Fifty pounds' worth of the property has been sold. The security is now for only £350. (8.) Mortgage for £150. The property has been sold on deferred payment. The value of the security is only £100.

There are mortgages in the office, amounting to £19,746 16s., which are not included in the investments. They consist of moneys lent by deceased persons whose estates have come into the Public Trustee's hands. Attention has been called to this in past years; but they are still omitted from the statement of investments, apparently without sufficient reason. Eight mortgages are included in the investments for which there are no deeds in the office, and for which receipts from solicitors or others in whose possession they are have not been submitted to the Audit.

I feel it my duty to call attention to the fact that the system of book-keeping adopted in the Trust Office under the present management throws a considerable amount of additional labour on the Audit Examiner as well as on the staff of the Trust Office itself, arising from the fact that loose unnumbered sheets of "statements of lodgments" are substituted for the ordinary cash-book in use in commercial institutions; and, notwithstanding that the labour of preparing such "statements" is imposed on the staff of the Post Office, there has been no saving in the work in or in the cost of the Trust Office itself. The increase in the value of properties coming into the Trust Office has been much less in 1892 than in some former years, whilst the staff employed in the office is larger, and the cost is not less than in former years.

Another objectionable feature in the accounts is that the totals of the transactions as shown in the balance-sheet are not to be found in the ledgers, but must be arrived at only after study of the accounts. This was not formerly the case.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

24th February, 1893.

Minute on above Report.

QUARTERLY totals of transactions appear in ledger summaries. The system of accounts now entails on the Public Trust Office Examiner and officials only a fraction of the labour of old methods. The saving of work and expense in accounting is too obvious for discussion: it is incredible that such is not Audit experience. The cash-book is perfect. The term "loose unnumbered sheets" is one of misapprehension, and misleading. Numbering is idle. The Post Office is employed instead of the Bank, and renders more valuable service, with half the work formerly imposed on the Bank. Properties under administration are more numerous and worth more. The services performed are of greater value. The business is larger and more efficiently conducted. Mortgages for loans by deceased persons are not, and should not appear as, Trust Office investments. Deeds are accounted for. A few in course of transmission must always be outstanding. Mortgages realised, or realising, form adjustments made by Accountant before the 31st March, 1893; but in the statement to the 31st December the investments are correctly subject to adjustment for the items except (6). Mr. FitzGerald, the Audit responsible, wrote to me about a year ago, respecting faults of the late management: "These matters seem to have been managed with no conception of what is necessary to secure the department from fraud."

J. K. WARBURTON, Public Trustee.

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