Mr. O'Conor, at the end of 1889, when the balance-sheet was being prepared, saw these amounts put under the various headings, and he went through all the vouchers and accounts himself, and made a statement to that effect.

Mr. Macdonald: Then, I understand you to say that Mr. O'Conor, as chairman of the board of directors, was responsible for the balance-sheet on that occasion?

Mr. Deacon: Certainly.

Mr. Macdonald: And no question as to his accuracy has ever been raised?

Mr. Deacon: Not to my knowledge. It was never questioned at the annual meeting.

Mr. Macdonald: When was the annual meeting of shareholders to consider that balance-sheet of 1889?

Mr. Deacon: It was on the 17th February, 1890. There was first of all a meeting called for the 10th February, which lapsed, there being no quorum, and the meeting was then held on the 17th February.

Mr. Macdonald: Who was in the chair?

Mr. Deacon: Mr. O'Conor.

Mr. Macdonald: What was the resolution in connection with the balance-sheet?

Mr. Deacon: It was moved by Mr. Macarthy, and seconded by Mr. E. W. Mills, that the balance-sheet be adopted; and it was adopted. The auditors who were appointed on that occasion were Messrs. Chapman and Townsend.

Mr. Macdonald: Were there any changes in the board of directors at that meeting?

Mr. Deacon: The directors who were then appointed were Messrs. Allen, Barton, Blair, Macarthy, O'Conor, Roskruge, and Sloan. (See minute of proceedings on 13th February.)

Mr. Macdonald: You produce the balance-sheet for the year 1890?

Mr. Deacon: Yes.

Mr. Macdonald: Did any report accompany that balance-sheet to the shareholders?

Mr. Deacon: There was a report, which appears in the minutes. The annual meeting took place on the 9th March, 1891. [The report on folio 283, minute-book, was here read.]

Mr. Macdonald: That report and balance-sheet were adopted by the shareholders?

Mr. Deacon: Yes.

Mr. Macdonald: Who was in the chair?

Mr. Deacon: Mr. Macarthy, as chairman of the company.

Mr. Macdonald: Was any other resolution proposed at that meeting respecting the balance-sheet other than that for its mere adoption?

Mr. Deacon: Mr. O'Conor proposed by way of amendment, and Mr. Greenland seconded, that the balance-sheet be referred back to the directors for correction. On being put, three voted for the amendment and seventeen for the resolution. The chairman then declared that the resolution had been carried.

Mr. Macdonald: Do you know of your knowledge who the shareholders were who voted for the amendment?

Mr. Deacon: Looking back at the attendance, they were Mr. O'Conor, Mr. Greenland, and Mr. Scanlon.

Mr. Macdonald: Who is Mr. Scanlon?

Mr. Deacon: A shareholder at Westport, who came up at the time with Mr. Greenland.

Mr. Macdonald: Who were the seventeen shareholders who voted for the resolution, and what was the number of shares held by them?

Mr. Deacon: The seventeen shareholders who voted for the resolution held 8,744 shares. The three shareholders who voted for the amendment held 7,099 shares, of which number Mr. O'Conor held 6,659. There was a considerable number of shareholders represented by proxies, but the proxies were not used at the meeting.

Mr. Macdonald: Mr. O'Conor says that on Friday, 30th January, 1890, the draft balance-sheet was considered by the directors. Will you refer to the minute-book? [Minute-book produced, and minutes of meetings referred to, folios 276, 278, 286.]

Mr. Macdonald: Those are the references to which Mr. O'Conor refers?

Mr. Deacon: Yes.

Mr. Macdonald: What does folio 286 refer to?

Mr. Deacon: That is the annual meeting of shareholders where the balance-sheet was adopted.

Mr. Macdonald: Mr. O'Conor says the first false entry in the statement of transactions of the company is receipts for coal sales, f.o.b. Mokihinui, £2,190 8s. 9d., "less £150 13s. 6d., an allowance to Union Steamship Company outstanding last year." Will you be good enough to show us the details?

Mr. Deacon: The item of £2,190 8s. 9d. is made up as follows: By cash, 30th November, 1890, £37 10s. (This is for 50 tons of coal supplied to the "Terranora" for her bunkers at Mokihinui, at 15s. a ton, and appearing as cash. Receipts in Johnston and Co.'s account rendered in November.) The next item is £84, made up as follows: 113 tons of coal, also to supply the "Terranora's" bunkers, at 15s., £84. The next item is £42 2s. 10d., account for coal supplied to T. Corby and Bowen at Mokihinui. The next item, £7 13s. 9d., is made up of coals supplied to the Mokihinui Sawmill Company, L. Sweet, T. Corby, and J. Queen. The next item is £26 10s. This is for bunker coal, 53 tons supplied to the "Terranora," at 10s., and appearing in Messrs. Johnston and Co.'s account as cash. The next item is £1,995 12s. 11d. This represents the value allowed to the mine of 2,866 tons 11 cwt. carried by the steamer "Lawrence," and 1,124 tons 14¾ cwt. carried by the "Terranora," and for which the mine is allowed 10s. a ton. This price of 10s. a ton for coal at the mine, f.o.b. Mokihinui, was agreed to by the board in the year 1889, and in the balance-sheet for 1889 there is a credit to the mine account of £985 5s.,