

The Hon. the Minister for Native Affairs,
Wellington C. 1.

22nd November, 1944.

SIR,—

We report that we have completed the audit of the accounts of the Mangatu Block No. 1 for the year ended 30th June, 1944, also the accounts of the Mangatu Blocks Nos. 3 and 4 for the same period, and attach a set of the accounts. We have the following comments to make :—

Freehold Property.—We have not inspected the title deeds relative to the properties, but have accepted the certificate of the mortgagee, the District Public Trustee, that he is holding certain documents as security for advances. The solicitors to the Trust have also certified that they are holding on behalf of the East Coast Commissioner the documents relating to the Mangatu Blocks which are not subject to mortgage.

Live-stock.—We have accepted the numbers and values of live-stock on stations as at 30th June, 1944, as certified by the farm-managers and Mr. H. Syme, the Farm Supervisor.

During the year under review the stud stock on the Omapere Station was transferred to Pukutarewa Station at the original cost, less 40 per cent. in the case of registered stock held for two years, and less 20 per cent. in the case of registered stock held for one year.

Distributions.—We have verified all payments in connection with the following distributions made to beneficiaries during the year ended 30th June, 1944 :—

	£	s.	d.
Mangatu No. 1	8,445	0	0
Mangatu No. 3	920	0	0

In addition to the amounts distributed to beneficiaries as set out above, a further sum of £923 6s. 8d. has been paid and charged as follows :—

	£	s.	d.
Donations	302	12	11
Committee fees and expenses	502	13	9
Committee of inquiry	100	0	0
	<u>£923</u>	<u>6</u>	<u>8</u>

Capital Account (£312,088 12s. 1d.).—Attached to the accounts is a statement of the Capital Account for the year ended 30th June, 1944. Improvements on the various stations to 30th June, 1943, together with improvements for the year ended 30th June, 1944, have been credited to Capital Account.

The debit of £5,788 8s. 8d. is made up of amounts transferred which have been shown in the Balance-sheet in previous years.

Income Account (£25,940 0s. 7d.).—In the past the profits of the various stations have been absorbed in the station accounts, but in the accounts under review, in order to show the position more clearly the profits earned or losses sustained by the various stations have been transferred to Income Account.

The balance at the credit of Income Account at the 30th June, 1944, amounts to £25,940 0s. 7d., which represents the undistributed balance, after deducting the amount expended on improvements amounting to £111,066 7s. 9d.

Office Premises (£1,750 14s.) and State Advances Mortgage thereon (£1,128 5s. 10d.).—When the office premises were erected in Gisborne the whole of the cost was borne by the East Coast Native Trust Lands. The Commissioner stated that it was originally intended that the expenditure should be borne jointly by the East Coast Native Trust Lands and Mangatu No. 1. Accordingly, in the accounts for the year ended 30th June, 1944, adjustments have been made of all transactions in connection with the Office Premises Account, and the half-share owned by Mangatu No. 1 is now included in the Balance-sheet.

Plant and Furniture (£9,592 19s. 8d.).—A member of the staff of the East Coast Commissioner visited the various stations during the year and compiled a schedule of the plant and valued same at the above figure. The individual amounts comprising the total of £9,592 19s. 8d. are included in the station accounts. We have accepted his valuation without further verification.

Interest.—Up to and including the year ended 30th June, 1943, interest on station accounts was calculated at the rate of 4 per cent. on the opening debit or credit balance and at 4 per cent. on the running balance during the year. This method has now been discarded and for the year ended 30th June, 1944, interest has been calculated at 4 per cent. on the running balance in all instances.

Subject to the foregoing remarks, we certify that to the best of our knowledge and belief the accounts signed by us are correct.

We have, &c.,

CLARKE, MENZIES, GRIFFIN, AND CO.,
Public Accountants, Auditors.

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