The procedure which has been adopted in the accounts has the effect of writing off this loss against the special reserve referred to above, whereas it might be proper to charge it to the interests of the beneficiaries of the Tawapata South Block (Onenui Station).

The question involved is one of expenditure and of decision as to the appropriate account to which should be charged the loss to the Trust funds involved in this launch transaction.

In view of the involved circumstances which preceded the creation of the reserve of £3,000, we are of the opinion that the appropriations referred to above should be considered by you, so that if you see fit, your approval, and any other consents which may be required by law, may be obtained.

Office Premises (£1,750 13s. 11d.) 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 states 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 a half-share has been transferred to Mangatu No. 1.

Plant and Furniture (£8,025 16s. 3d.).—A member of the staff of the East Coast Commissioner visited the various stations during the year and compiled a schedule of plant, and valued same at the above figure. The individual amounts comprising the total of £8,025 16s. 3d. are included in the station accounts. We have accepted this valuation without further verification.

Produce unrealized (£3,316 15s. 10d.).—Included in the produce unrealized is seed valued at £1,066 14s. 7d. Approximately half of this is represented by seed which has been on hand for some years and is valued at cost. We are not qualified to express an opinion as to whether the original value has been maintained.

Tahora 2c 3, Section 2.—The Tapere Farm and Quirke's Mill form part of the above block, and the transactions in connection with same have this year been amalgamated in the Tahora 2c 3, Section 2, Account.

Mahurangi Mill Account (£6,023 3s. 5d.).—This represents the cost of the erection of the timber-mill at Mahurangi and includes roading, buildings, plant, houses, tractor, cutting and haulage of logs, and mill working, less proceeds of the sawn timber disposed of and timber on hand at the mill at the 30th June, 1944.

Hangaroa Timber Account (£1,206 18s. 7d.).—This represents the purchase-price of land and plant, together with the expenses of milling totalling £11,305 3s. 10d.; against which there has been credited proceeds of timber sold and value on hand amounting in all to £10,098 5s. 3d.

Oliver Tractor and Machinery (£842 6s. 1d.).—This represents the cost of a tractor, together with the expenses in connection with the running of same, less cash received for ploughing in the Wairoa district, where the tractor has been working.

Tolaga Bay Potato Account (£117 6s. 3d.).—This was the balance outstanding at the 30th June, 1943, and there have been no further transactions recorded in the account during the year ended 30th June, 1944. It appears that this represents a loss which should be transferred to the blocks concerned.

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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