

The balance in the Mangaotane Station Account of £5,735 18s. 4d. represents the amount expended on improvements since the blocks reverted to the Trust.

We again express the opinion that in view of the involved circumstances surrounding the reversion to the East Coast Commissioner of Mangatu Nos. 5 and 6, the whole position should be investigated so that if you see fit, your approval of the creation of the Special Reserve and any other consents which may be required by law, may be obtained.

*General Reserve.*—In accordance with the provisions of section 50 (1) of the Maori Purposes Act, 1947, all adjustments have now been completed. The balance of £32,608 5s. 3d. includes an amount of £2,861 18s. added to the reserve for the current year, less a reduction for interest reversed on sundry Natives of £281 13s. 1d.

*Statement Showing the Position of the Various Blocks.*—The Muriwai Boat Account amounting to £80 17s. 2d. still appears in the above statement, but should, we think, be transferred to the block concerned.

The Tolaga Bay Marae Account now stands at £904 5s. 9d. There are further expenses yet to be incurred before the marae is completed and the final amount involved transferred proportionately to the following blocks—namely, Mangaheia 2d, Paremata 3, and Paremata 64.

The Tolaga Bay Potato Account, which amounts to £78 11s. 3d., still appears as a balance in the above statement, but should, we consider, be transferred to the blocks concerned.

*Unadjusted Expenditure, Oliver Tractor Account.*—This account now amounts to £1,771 9s. 9d., and as there would appear to be no further transactions consideration should be given to the liquidation of this account.

*Station Accounts.*—In our report on the accounts for the year ended 30th June, 1948, we drew attention to the rearrangement of the stations comprising the Mangapoke Blocks group, and also the Tahora 2c 1, Section 3, Tahora 2c 2, Section 2, and Tahora 2c 3, Section 2 Blocks.

At the 30th June, 1949, an apportionment of the profits earned by the stations for the year ended on that date has been made and transferred to the blocks concerned.

We understand that the arrangement has been discussed with the representatives of the blocks and also with the East Coast Maori Trust Council who have given their approval to the scheme of apportionment.

In deciding that the arrangement should commence in the year under review, it would appear that the adjustment of stock to standard values has been overlooked, but should, we think, be taken into consideration.

During the year ending 30th June, 1950, the Commissioner proposes to carry out a system of reconstruction of the accounts of all the blocks in the Trust. Government valuations will be used as a basis of determining the value of improvements on all the farming properties. Valuations of the Wairoa County have not been completed, but as soon as these are available the whole position will be reviewed. If there is any necessity to vary the arrangements already made for the allocation of profits, this can be done together with any other adjustments that may be necessary in the accounts for the year ended 30th June, 1950.

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 AND CO.,

Public Accountants, Auditors.

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