

18. Will you hand it to Mr. McGowan?—Yes. [Statement handed to Mr. McGowan.]

Mr. W. Fraser: And will you let us know, Mr. McGowan, whether you prepared and sent to the Audit Office a statement of that kind?

Mr. McGowan: I remember a statement being prepared, which possibly is what is referred to, and which I did not sign. It was afterwards signed and altered to suit the Audit Office requirements, and is the statement which begins on page 4. There the whole thing is set out. The various subsections of clause 50 have each a separate balance-sheet set forth. The first, I fancy, was a sort of tentative statement, which I would not at first sign, and which I never considered as being official at all. I sent it up to Mr. Warburton in order to know whether or not it would meet the requirements of section 50, with a verbal message, the balance-sheet being unsigned. He replied, "An unsigned paper is no balance-sheet." Then we prepared a balance-sheet as nearly as we could, signed it, and sent it to the Audit Office. I think that this memorandum was the first attempt to meet Mr. Warburton's views when he called upon us to construct statutory balance-sheets complying exactly with clause 50 of the Act.

The Chairman: Did you send the unsigned paper to Mr. Warburton?

Mr. McGowan: It would not be in his possession if I had not sent it. I presume, therefore, that I did; but it was superseded by a signed balance-sheet, the last of which Mr. Warburton accepted.

Mr. J. Allen: Did he send the unsigned paper back to you?

Mr. McGowan: I should think so, from his own memorandum, where he says, "An unsigned paper cannot be regarded as the Superintendent's balance-sheet under section 50 of the Act." I should say, from that memorandum, that it came back; but without reference to the original I cannot be sure.

Mr. J. Allen: What is the signed paper referred to in the next memorandum?

Mr. McGowan: It is this, beginning with subsection (4), on page 5.

Mr. W. Fraser: Do these differ from the other?

Mr. McGowan: We gave the first under subsections (1), (2), and (3). We did not give No. 4—that is to say, the statement of arrears of principal and interest. That does not seem to be here. Otherwise I should say that the figures are the same, but that statement apparently was set aside as not forming any part of the official correspondence.

Mr. J. Allen: What we want to know is, is the signed account referred to on page 7 this account on pages 4 and 5?

Mr. Warburton: That signed account on pages 4 and 5 is not the one on which I report on page 7.

19. *Mr. J. Allen*.] What is the signed account? Where is it?—There were two signed accounts. The account which Mr. McGowan is under the impression was unsigned was signed. It was a signed account submitted as the statutory balance-sheet. That was the signed account. It was the account signed subsequently to being unsigned.

20. Is the signed account that Mr. Fowler refers to on page 7, under date of the 9th July, 1902, amongst the papers here?—No.

21. Then, where is it?—I do not know where it is.

22. Is that an unsigned account that you were reading from just now?—Yes; it is unsigned.

23. Where is the signed one?—The signed one went back to the Advances to Settlers Office with the report on it which appears on page 7. It was a special report, which showed that statement to be open to certain exceptions. On the statement that was subsequently amended and certified there is a separate report: "Examined and found correct, the balances on the 31st March, 1902, being,—

Cr.		£	s.	d.	Dr.		£	s.	d.
By Investment Account		33,296	18	1	To Cash		36,350	8	6
Suspense Account		4,044	2	0	Bills receivable		990	11	7
		<u>£37,341</u>	<u>0</u>	<u>1</u>			<u>£37,341</u>	<u>0</u>	<u>1</u>

24. *Mr. Flatman*.] What was the difference between the signed and the unsigned accounts in the balances; were they both drawn under one form, or what?—The difference, as far as I can recollect, was as follows: There was no difference in the statement under subsection (1) of section 50, but there was this difference in the statement under subsection (2) of the Management Account; there was a balance of £141,601 12s. 10d.—

25. *Mr. J. Allen*.] What are you reading from?—I am showing the difference between the signed statement and the unsigned one—between the unsigned statement subsequently signed and the amended statement. I am pointing out that the first statement—

Hon. Sir J. G. Ward: Allow me to interrupt. Are we to deal with documents that are before the Committee, or documents that are not before us?

The Chairman: With those that we have before us. I take it that the real contention begins with the Audit Office—that is, the signed account which Mr. Fowler refers to on page 7.

Mr. J. Allen: The signed account is not here.

The Chairman: In the Audit Office report on the statement submitted—page 7—Mr. Warburton says with reference to that signed account, "The statements submitted for audit do not comprise a balance-sheet required by section 50 of the Act." That is the contentious point.

Mr. McGowan: If you will look at page 9 you will see that I say, "I am quite willing to adopt your construction of the Investment Account and the Management Account as set out." That evidently shows that these accounts that are set out on pages 4 and 5 were reconstructed to