MINUTES OF EVIDENCE.

FRIDAY, 19TH OCTOBER, 1906.

PETER HEYES, Inspecting Accountant to State Coal-mines Department, made a statement. (No. 1.)

The Chairman: The Committee will hear you, Mr. Heyes, if you make your statement, and you can then call any witnesses that you wish to call.

Witness: The point in dispute here, Mr. Chairman, is whether the balance-sheet which I submitted is in compliance with section 108 of "The Coal-mines Act, 1905." The matter was exhaustively gone into before the Mines Committee last year, and I do not think it is necessary for me to repeat all that I said then.

The Chairman: Give the Committee the leading points.

Witness: Section 108 of the Coal-mines Act of 1905 says, "With respect to each coal-mine worked by the Minister under this Part of this Act, the following provisions shall apply: (*a.*) The Minister shall cause full and faithful accounts to be kept of all moneys received and expended, and of all credits and liabilities. (*b.*) Within twenty-one days after the close of each financial year the Minister shall cause a balance-sheet for the year to be prepared, together with a statement of accounts (including a Capital Account and a Profit and Loss Account). (*c.*) Such balance-sheet and statement shall be so prepared as to show fully and faithfully the financial position of the mine, and the financial result of its operations for the year. (*d.*) Within twenty-eight days after the close of each financial year the Minister shall cause the balance-sheet and statement of accounts for the year to be submitted to the Audit Office for audit, and when so audited the same shall be published in the *New Zealand Gazette*. (*e.*) The balance-sheet and statement of accounts, duly audited, together with a report by the Manager on the operations of the mine for the year, shall, within ten days after the audit is completed, be laid by the Minister before Parliament, if sitting, and, if not, then within ten days after the commencement of the next ensuing session thereof." Section 104 reads, "In order to provide funds for the payment of all compensation or purchase-moneys payable in respect of any resumption or contract under the aforesaid sections sixty-four and sixty-five hereof, or for the construction, erection, or acquisition of buildings, plant, machinery, railways, tramways, hulks, ships, or other appliances or works required for the working of any mine under this Part of this Act, or for the supply of coal therefrom, the Colonial Treasurer, upon being authorised by the Governor in Council so to do, may from time to time raise any sum or sums not exceeding in the whole the sum of one hundred and fifty thousand pounds from any balances in any of the accounts mentioned in Part VIII of 'The Public Revenues Act, 1891,' or from any moneys to the credit of the Public Works Fund, or from any bank, monetary institution, or person." Then, section 109 reads, "All moneys raised under the authority of this Part of this Act shall, as and when raised, and all other moneys received hereunder shall, as and when received, be paid into the Public Account to the credit of a separate account called 'the State Coal-mines Account.'" I think it is clear from sections 104 and 109 that one Capital Account is provided for. How the funds are to be raised is provided for in section 104—that is the capital; and how they are to be dealt with in one account is provided for in section 109—that is one Capital Account. Then, section 108 says that with respect to each coal-mine worked by the Minister certain statements shall be included in the balance-sheet: "The Minister shall cause full and faithful accounts to be kept of all moneys received and expended." Those are clearly stated in the balance-sheet, on page 9 of the Coal-mines Report. "Within twenty-one days after the close of each financial year the Minister shall cause a balance-sheet for the year to be prepared, together with a statement of accounts (including a Capital Account and a Profit and Loss Account)." Those are clearly stated with respect to each mine on pages 4, 5, 6, 7, and 8 of the report. "Such balance-sheet and statement shall be so prepared as to show fully and faithfully the financial position of the mine, and the financial result of its operations for the year." Those are clearly stated with respect to each mine. On page 4 of the report the balance-sheet shows the Capital Account of the Point Elizabeth Colliery, and at the bottom of page 4 and on page 5 is the Capital Account of the Seddonville Colliery, entirely separate and distinct from the Point Elizabeth Colliery. Then, other properties, authorised by section 104, in addition to the mine property, are stated lower down in the balance-sheet on page 5. They are all clear, distinct, and separate, in the proper form of accountancy. Then, the Profit and Loss Account: there is a general Profit and Loss Account, which, in addition to what is provided under the Act, shows the correct results of the whole of the operations of the mines; but on page 7 there is a separate Working Account and Profit and Loss Account. The two together make a complete Profit and Loss Account. They are subdivided for convenience and for information in connection with the management. The Profit and Loss Account for the Point Elizabeth Colliery is on page 7. That is separate and distinct. The Profit and Loss Account for the Seddonville Colliery is partly on page 7 and partly on page 8. I submit that the balance-sheet is a full and faithful and complete balance-sheet in compliance with the sections of the Act which I have quoted. It shows the financial position of each mine fully, clearly, and completely, and the Profit and Loss Account of each mine fully, clearly, and separately. I propose to call as witnesses some of the leading accountants in various parts of the colony, and I should like to submit a letter which I have received from one of the leading accountants in Dunedin. May I read it?

The Chairman: Yes.

Witness: It is a letter from Mr. Peter Barr, Fellow of the Institute of Accountants of New Zealand, and late President of the Institute of Accountants of New Zealand. "Dunedin, 15th