7. Do you consider that the balance-sheet submitted by me, as you see it in the papers, complies with section 108 of the Coal-mines Act?—Yes, I take it that it is a reasonable interpretation of the requirement of the division of the assets under two headings, as far as is possible in a concern of the sort.

8. I refer to the balance-sheet on page 4. There is a clear statement of the Capital Account of the Point Elizabeth Colliery separately, is there not?—Yes.

9. That is a balance-sheet of the Point Elizabeth Colliery, is it not?—That is, referring to the assets.

10. It is a balance-sheet of the Point Elizabeth Colliery?—Yes.

11. There is so much of the capital invested in that mine, as stated there—£38,026 6s. 11d.?—Yes.

12. That is the liability to Capital on account of the capital invested in that mine?—Yes.

13. It shows the liabilities and assets of that mine. It is a balance-sheet. I have here a statement illustrating what I mean. [Statement produced.] These are the exact particulars that you have there for the Point Elizabeth Colliery?—That is the capital expenditure in connection with that mine.

14. Yes; it shows the assets on one side and the liability to Capital on the other?—Yes. Of course, that is not quite the same as this.

15. It is exactly, except that the liability to Capital is not shown here; still, it is implied. That is the liability to Capital on account of that mine?—Yes.

16. And that would be a separate balance-sheet if you had a separate balance-sheet for that mine, would it not?—Yes; that is the way in which I should draw it up.

17. Then, there is the Seddonville one, in just the same way. Those are two separate assets, but exactly the same figures are contained in the balance-sheet?—The same result. I assume you are going on now to a third sheet.

18. No; this is really the whole matter?—I have not seen the typewritten copy that you are referring to.

19. The assets stated in this statement which I am submitting now show a total of £38,026 6s. 11d. for the Point Elizabeth Colliery. That is the amount of capital invested in that particular mine, and it is the liability to Capital Account for that mine. The other statement shows a total for Seddonville of £31,672 9s. 10d., as the capital invested in that mine. It is also the liability on account of Capital Account for the same mine?—Are you dealing with the Point Elizabeth Colliery property separately?

20. All the other properties are taken separately, as I was going to point out. Section 104 provides for various other properties, such as ships, or hulks, or anything else that is required for the supplying of coal from the mines—for instance, there is a depot at Christchurch worth £2,250?—Those are assets common to both mines.

21. They do not belong to either mine; there are other properties, the acquirement of which is provided for under section 104. Then, section 109 provides for one Capital Account—one Bank Account. There are not two provided for there, are there?—No; that is correct.

22. It says "a separate account called 'the State Coal-mines Account,'" into which all moneys shall be paid. There is no authority there for keeping two accounts?—No.

23. And it is not necessary to keep two accounts?—No.

24. There is a separate Profit and Loss Account on page 7 for the Point Elizabeth Colliery?—Yes.

25. So that, as required by section 108, there is a balance-sheet for each mine, a Capital Account for each mine, and a Profit and Loss Account for each mine?—The balance-sheet is the Capital Account. I want to make it clear that I am referring to this printed document. You show me something that I have not seen before—that typewritten copy.

26. It is just the same: the Capital Account of the mine shown here is the balance-sheet for the mine?—This is the balance-sheet, which is the Capital Account.

27. The balance-sheet is the Capital Account, or the Capital Account is the balance-sheet?—Yes.

Mr. Heyes: For each mine.

28. *Mr. J. Allen.*] Is it for each mine?—In my opinion, it is a reasonable compliance with the Act. I do not see how you could get anything different. The reason why, in my opinion, you could not have it different is that there are so many assets here which are common to the two properties. I do not see how they could be dissected except by a good deal of book-keeping, and even then probably the result would not be correct.

29. *Mr. Heyes.*] You consider that that balance-sheet fully and faithfully complies with the provisions of section 108?—Yes.

30. *Hon. Sir J. G. Ward.*] Do you consider it necessary to have two independent balance-sheets, as suggested in the tag of the Controller and Auditor-General?—No, I do not think it is necessary. The same result would be attained. The result would come out exactly as it comes out here.

31. Have you looked at the law bearing on the auditing of the accounts at all?—I have not looked at anything except this Coal-mines Act.

32. Do you think from that that it is necessary, in order to comply with the law, to have two separate balance-sheets?—No. I think that when this clause was worded the fact was lost sight of that there would be assets common to the two properties, and that, that having been overlooked, the only solution of the difficulty is to draw it up in this form.

33. Then, in your judgment the accounts, as they are drawn up, fairly and rightly state the position?—They comply as closely with the Act as you can get them to.

34. *Mr. J. Allen.*] You have read section 108 of the Act. In the first line of that clause are the words, "With respect to each coal-mine": how do you interpret that?—It means, of course, that the capital expenditure for each coal-mine must be shown distinctly and separately.