

73. I am asking you. You see they are subsections under the heading, which governs the whole of them?—That is a point on which I cannot be quite certain. I can only say that, if it does mean that, it is asking for something to be done which is most difficult—almost impossible.

74. Would not that be the meaning of the statute?—I should say it would not be going out of the way to be a little more liberal in the interpretation of those words.

75. Read section 109?—Yes, I have done so.

76. Would you consider that by keeping one State Coal-mines Account for these two mines you were complying with section 108, which refers to each mine?—The fact that there is one bank account I do not think has anything to do with the keeping of the accounts. It is possible to have one bank account and yet keep accounts quite distinct. You could have several bank accounts in a concern and yet bring out one Profit and Loss Account. I do not think the facts of having one bank account and two Profit and Loss Accounts are in any way connected. One is possible without the other.

77. What I wanted to ascertain was whether the keeping of one account under section 109—the State Coal-mines Account—in which every transaction in connection with both mines should be entered, would be a compliance with section 108, which prescribes that in the books an account shall be kept for each mine?—It does not say that books are to be kept for each mine.

78. Well, accounts?—Section 108 refers to the accounts being kept for each mine, and section 109 simply refers to moneys being paid into one bank account.

79. Then, section 109 does not override section 108?—I do not think so. I do not think it affects it.

80. *Hon. Sir J. G. Ward.*]—If the complete separation of the records in order to ascertain the balance of cash in hand, for instance, or the proportion of the amount of expenditure for each mine, was strictly essential in accordance with the law, would that not necessitate all the centres where coal was sold having separate depots for each kind of coal, and having to make separate freight arrangements, in order to keep the different coals completely apart?—It would require a separate account for each customer—that is, if the coal were mixed.

81. Would that not mean that for the purpose of enabling an auditor to ascertain the position equitably the coal when shipped from the ports of shipment should be kept completely separate, and at its destination kept completely separate?—Everything would need to be kept separate from the time the coal was brought out of the mines till the time the money was paid into the bank account.

82. That would be possible, but it would be looked upon in ordinary life as next door to suicide?—You would want a large staff of well-trained men to do it.

83. *Mr. W. Fraser.*] If the statute has to be complied with, and the statute provides something that it is almost impossible to comply with properly, would not the proper course be to alter the statute?—I think the alteration of a few words would meet the difficulty. I think that would be better than attempting to split up the accounts more than they are split up in these papers. I quite approve of separate Profit and Loss Accounts being kept, and that section should go as far as it possibly can go into the smallest detail; but when it comes to splitting up liabilities and assets more than they are split up here, I think it is an impossibility.

84. *Mr. J. Allen.*] Yes, here, but that is not the books?—Of course, as I said before, I have not seen the books. I am only taking the balance-sheet as I find it. I do not even know how these figures are arrived at.

85. *Mr. W. Fraser.*] I knew you had not that knowledge, and I put the question to you on the assumption that only one General Account is kept for both mines, and that at the end of the year the balance-sheet for each mine is made up from that account. Would that be compliance with section 108 of the Act?—No. As I said before, in the books the accounts should be kept as distinct as possible, and all disbursements and receipts should be dissected at the time, as far as possible, and only small things should be left for division till the end of the year.

86. What I wanted to ask you was whether, if weight were given to the words “the State Coal-mines Account,” in section 109, that would, in your opinion as an accountant, be overriding section 108, if you had to make up books according to the Act?—I think they refer to two different things.

87. *Mr. Heyes.*] With regard to accounts where there are several branches under one proprietary, you know that there are general expenses, such as the head-office expenses, which are connected with the whole of the operations: would you keep separate accounts for those general expenses?—I should dissect every item at the time if I could.

88. You would keep separate accounts for all the definite and actual expenditure that occurred in connection with each branch?—Yes.

89. But there would be general accounts that you could not keep so separate?—Just so; but I should try to reduce them to a minimum.

90. That is exactly what is done here. I have a list of the accounts that are general, and the proportions in which they are divided. All the actual expenditure for each mine is kept separate in accounts. The definite expenditure that can be ascertained for each mine at the time the expenditure is made is kept distinct and separate. I will take the items as they appear in the balance-sheet. There is general management, office expenses, and office salaries. Would you keep a separate account for those for each mine? Is it possible?—Is that the Wellington office or the offices at the mines?

91. There is an Inspector, who lives in Auckland, and who has to visit both mines generally and advise upon the operations of both mines; and there was a General Manager at this time overseeing both mines; and there was an office at Greymouth, where practically all the head-office work in connection with the whole of the operations was done; then, there was stationery and travelling-expenses for the Inspecting Engineer and the General Mine-manager. How would you deal with those general travelling-expenses and stationery and head-office expenses?—Is the Inspector paid for each trip separately, or a lump sum per annum?