

G. W. HULME examined. (No. 3.)

107. *Mr. Heyes.*] You are an accountant of considerable experience—a public accountant practising in Christchurch?—Yes.

108. You are Secretary of the Institute of Accountants there?—Yes.

109. You have seen the balance-sheet of the State coal-mines for the year ended the 31st March, 1906—you are familiar with that balance-sheet?—I have seen it.

110. You have seen the Coal-mines Act of 1905, section 108, and the other sections dealing with the accounts and properties?—I have.

111. Do you consider that the balance-sheet as submitted is a reasonable compliance with those sections of the Act?—I do.

112. Do you think the statement of accounts can be put in any other shape, such as the Auditor-General has suggested, and give proper results?—I do not.

113. You saw the evidence that was given before the Mines Committee last year?—Yes.

114. You saw the criticism there of the accounts?—Yes.

115. That evidence and the balance-sheet of last year were before the Institute of Accountants in Christchurch, were they not?—Yes. I brought the balance-sheet before the Institute, as being the first case which had come to my knowledge of the accounts of a public body being submitted in a recognised commercial form, and the meeting passed a resolution expressive of approval of the new departure. Of course, when that was done there was no thought of my being here now.

116. They agreed that the accounts complied with the Act and——?—The matter of whether the accounts complied with the Act or not was not before them. It was a matter of the accounts as submitted being in proper accounting form.

117. The meeting approved of the form in which they were presented?—Yes.

118. The meeting had in that evidence the full text of the sections of the Act under which the accounts were prepared?—Yes.

119. And they indorsed my contention that the accounts complied with those requirements?—I do not like to put it in that way. Whether they complied with the terms of the Act was not definitely before the meeting. The point was that it was a balance-sheet submitted in proper form. The matter of the contentions of the Controller and Auditor-General came up after the accounts had been considered, and members thought they were altogether wide of the mark—that the form in which the Auditor-General would have the accounts submitted was a form not recognised by the commercial world and not understood by them.

120. In regard to accounts where there are several different branches or establishments under one proprietary, is it usual that, where definite and actual expenditure is incurred, it is charged to separate accounts, and where there is general expenditure over the whole of the operations it is placed in one account and allocated proportionately at the end of the year?—It is all focussed into one balance-sheet at the end of the time.

121. But where there are general accounts, such as general expenses, that cover the operations altogether and can scarcely be distinguished at the time, is it not usual to keep general accounts and then allocate those proportionately at the end of the year?—That is so.

122. *Mr. J. Allen.*] Supposing you have two coal-mines, and the law directs you to have separate accounts kept for them, and you have expenditure on furniture, or interest, or even travelling-expenses, which has to be allocated at some time or another to the separate profit and loss accounts, would you make that allocation at the time the expenditure was made, when the matter was fresh in your mind, or would you leave the allocation till twelve months afterwards and then do it arbitrarily?—I should do it at the end of the term. I cannot understand how you would allocate furniture as between two mining properties—furniture like that at the Greymouth and Christchurch offices.

123. I am talking of furniture at the Seddonville Mine, if there is any, and at Point Elizabeth: I am not talking about general furniture, which should go to the General Account. I will put a general question: Would you allocate and keep in your books a separate account for each mine as far as possible, or would you leave the whole thing till the end of the year?—As far as possible, I should keep an account for each mine.

124. Have you seen the books?—No.

125. Do you know, then, whether you could go and get from the books this balance-sheet and Profit and Loss Account now?—I do not think I should have any difficulty at all about that.

126. Without those papers in your hand could you do it?—Yes.

127. Well, I should like you to go and do it?—If the books of the mines were here, and I had the ledger balances, I could fix up the balance-sheet, no doubt.

128. How would you allot the unexpended capital that had to be in a General Account, and charge interest on each mine—upon what basis would you do it?—I should first of all set out the interest that was payable on the £140,000. The interest on the £140,000 would be debited to Interest Account, and then the two mining properties would be charged in proportion to the outlay on the two properties.

129. *Mr. W. Fraser.*] The opinion expressed with regard to the accounts at the meeting in Christchurch was that they were kept in the proper form of accountancy?—That is so.

130. You expressed no opinion as to whether they were set out in compliance with the Act?—Not at that time. The subject was not introduced for any purpose of that sort; but in the after-discussion it was thought that to comply with the Auditor-General's contentions as to the way in which the balance-sheet should be submitted would not be good accounting, and would not be understood by the general public.

131. But would it be in compliance with the Act?—I could not give you the meeting's opinion about that. I can give you my own.