

on their face fairly chargeable, and nothing to the contrary was shown to the Court. Copies of the objections are hereto attached for the information of Parliament as Appendices B, C, D, and E. Those objections have been duly considered by the Court, and have been given effect to as far as can be justly done with the material at the Court's disposal. The suggestion in the objections that the land should be retransferred to the beneficial owners was considered by the Court outside its province, but a general recommendation upon such matters will be found later.

The Court, having disposed of the formal objections, felt that, although the trust estate accounts have been regularly audited and laid before Parliament in each year since 1902, it would only be right, in the interest of the mass of beneficiaries who were not represented before the Court, to have a full investigation of the accounts by an independent accountant. In order that this accountant should be outside the range of local influences, Mr. W. McCulloch, F.I.A., of Napier, who was highly recommended to the Court, was chosen for the purpose. He was instructed to make a thorough investigation of the accounts; carefully check the receipts and expenditure of the Board and Commissioner; verify the figures of the proposed allocation; ascertain (a) the total amount of bank debt paid, (b) the total amount of "other claims," treating as such all claims by or against the Trustees paid or provided by the Board or Commissioner, (c) the expenses of management, treating as such all outgoings paid by the Board or its successors and not included under (a) or (b); and, taking the award of the accountants under the Act of 1902 as a basis, and keeping in view the Court's decrees, to allocate and adjust the total amounts of (a), (b), and (c) respectively over the various blocks, as far as could be accurately ascertained; and the balance which could not be definitely fixed in this way to distribute over the blocks apparently liable, so as to make, as far as figures could secure it, a fair and equitable distribution of the burden. It is on the figures prepared by the Commissioner, and verified and approved of by the official accountant, that the adjustments proposed by the Court are based.

In a number of cases the adjustment could be made without difficulty, but in the majority of the cases the task was not so easy, and it is possible that some injustices have been unwittingly done. The Court in the first instance found that it could not go behind the accountant's award under the Act of 1902. This was made binding upon the Trustees (and the successors in title), and must be binding on the beneficiaries. Under the terms of the agreement embodied in the Act of 1902 the accountants were the persons who were entitled to say, and they did from time report upon, the amount chargeable upon the principal security and upon each specific security, and there was no right to challenge either the method or the result of such ascertainment. The Board or Commissioner having no information, the Court must adopt the awards as a starting-point. Where, however, it could be found upon decrees or other extraneous evidence that amounts so charged are really debitable either to the general trust or to some other specific block, they have been adjusted accordingly. Again, the Court has from time to time placed upon various blocks a charge as its share of the general liability. In most cases these were added to the bank's security as specifics, but in two cases at least, beyond the decree creating the liability, nothing was done. The Court considered that all these blocks should bear the burden imposed by the Court upon them. But the Court, while holding that it would as a general rule adhere to former decrees, intimated that, if it could be shown in any special case that to do so would be inequitable or work an injustice, it would consider the propriety of reopening the matter under its special jurisdiction under the Act of 1906. No such instances were shown or are known to the Court.

The Court has therefore placed on each of the blocks outside the group of what are known as principal-security blocks the following charges:—

- (a.) The amounts decreed by the Court;
- (b.) The amounts advanced for improvements, &c., according to the accountant's award under 1902 Act;
- (c.) Any special expenditure for the benefit of a block;
- (d.) Its apparently fair share of management expenses and other outgoings.

As there are no other blocks to be brought in, the balance of the liability, a sum of £75,039 12s. 9d., must necessarily fall upon the principal-security blocks. Some have been sold, and the Court sees nothing for it but in the meantime to place upon such blocks as were wholly sold the amount realised as being their share of the liabilities. The Pakowhai Block (in conjunction with some smaller blocks at present occupied by Natives) found, by sale of part of Pakowhai, some £27,253 2s. 6d., which the Court has allotted as the proportion of that group. This, then, leaves £21,690 3s. 7d. to be borne by Mangatu 5 and 6, Mangaokura No. 1, and Whataupoko, part G. On the latter the Court has placed a liability equal to its apparent value, and the balance it has divided proportionately between the remaining blocks. For the purpose of the adjustment, Mangatu 5 and 6, being adjoining blocks, equal in area, with only survey-line between, and practically one block, have been treated as one.

As to the method of adjustment, the following extract from the official accountant's report will show the one adopted: "Wherever it has been possible to do so, the various items have been earmarked and placed to the account of the particular block to which they belong: in regard to those items which it was impossible to allocate in this manner, such as salaries, office expenses, and that part of the legal expenses incurred for the general purpose of the estate, the proportion chargeable to each block has been allocated on the basis of a valuation of the various blocks, but this rule has been relaxed in some few instances where the equities of the case seemed to require it."

Whatever system was adopted was found to work hardship in some individual case; but the Court, after going into the matter carefully, came to the conclusion that the value basis, with the exceptions mentioned, was likely to work out most satisfactorily in the long-run.

It now remains for the Court to suggest how the adjustments made should be carried into effect. On the one hand there are blocks in credit to the extent of £24,298 6s. 5d., on the lines