Sub-enclosure 2 in No. 1.

The AUDITOR TO THE TREASURY to the SECRETARY TO THE TREASURY, London.

SIR,— Treasury Chambers, Whitehall, London S.W., 23rd July, 1912.

I have the honour to report that I have audited the accounts of the Pacific Cable Board for the year ended 31st March, 1912, in accordance with the instructions conveyed in their Lordships' minute of the 17th April, 1902, and have found them correct.

The annual expenses of the cable, as defined in section 3 (2) of the Pacific Cable Act, 1901, so far as they were not met out of the receipts arising in connection with the cable, amounted in the year ended 31st March, 1912, to £40,498 18s. 11d., and a sum of £29,249 4s. 9d., representing thirteen-eighteenths of the net expenditure, is therefore recoverable from the contributing Governments, viz. :—

	£	s.	d.
Australia (six-eighteenths)	13,499	12	11
Canada (five-eighteenths)	11,249	14	2
New Zealand (two-eighteenths)	4,499	17	8
	£29,249	4	9

I beg to submit that the accompanying account, which has been duly certified, be presented to Parliament in compliance with section 7 of the Pacific Cable Act, 1901.

I have, &c.,

The Secretary to the Treasury, London. G. H. HUNT, Auditor.

Enclosure to Sub-enclosure 2 in No. 1.

The CHAIRMAN, Pacific Cable Board, London, to the LORDS COMMISSIONERS OF HIS MAJESTY'S TREASURY, London.

The Pacific Cable Board, Queen Anne's Chambers, S.W., 17th July, 1912.

MY LORDS,—

I have the honour, on behalf of the Pacific Cable Board, to submit, in the form hitherto adopted, the following accounts :—

(I.) The sum issued out of the Consolidated Fund, and the expenditure of the Board on Capital Account ;
(II.) The money borrowed and the securities created :
(III.) The aggregate amount of capital expenditure up to the 31st March, 1912 ;
(IV.) The expenses of the cable in the year ending the 31st March, 1912 ;
(V.) The account of the Provident Fund ; and
(VI.) The account of the Reserve and General Renewal Fund.

2. The results of the year's working are set forth in the following statement :—

Receipts.	£	s.	d.	£	s.	d.
Traffic receipts	159,051	1	2			
Less Atlantic companies' charge for conveying date and time, and for delivering duplicate copies in London and other large centres in United Kingdom	4,159	7	6			
				154,891	13	8
Bank interest				238	3	9
Refund tolls and dues				34	3	0
Charter of "Iris"				3,986	0	6
				£159,150	0	11

Expenditure.	£	s.	d.
Head office (salaries and expenses, canvassing, engineers' fees, and royalties)	8,866	0	6
Cable-stations (salaries and expenses)	66,306	3	5
Ship's salaries and expenses	12,609	8	1
Provident Fund	1,972	9	10
Renewal Account	32,350	0	0
Excess of receipts over expenditure	37,045	19	1
	£159,150	0	11

3. The sum of £37,046 was thus available towards meeting the annuity of £77,544 payable to the National Debt Commissioners in respect of interest and sinking fund on the sum of £2,000,000 advanced by them for the purpose of providing the capital required for laying and equipping the Pacific Cable. This is £7,712 more than was available in the year 1910–11, and reduces by an equal amount the sum to be provided by vote of the Imperial and Dominion Parliaments, which will be £40,498 for the year under review.

4. The increase of £18,749 shown in the net traffic receipts is due to increased traffic, and was more by £13,891 than was originally estimated by the Board. The gross revenue includes a sum of