

SIR,—

Wellington, 15th September, 1926.

I have to report that I have completed the audit of the accounts of the East Coast Native Trust lands for the year ended 31st March, 1926, and have the following comments to make thereon :—

*Stock Accounts.*—I have accepted without reservation the statement of live-stock at the various farms as certified by Mr. H. Syme, Farm Superintendent, and by Mr. J. Harvey, Agent for the East Coast Commissioner at Gisborne.

*Farm Accounts.*—In connection with the farm accounts, I would point out that the amounts charged to repairs and maintenance include not only repairs, but also other running-expenses of the farms which are not separately enumerated. The actual wording should not be “repairs and maintenance” but “repairs and running-expenses.”

Included in the accounts for this year are two new farms—namely, Mangaheia 2D and Tawapata South. Operations had not commenced when the accounts were being prepared, but these two farms are being worked this year.

*Block Accounts.*—Regarding distributions made during the year under review, I would point out that in connection with Mangapoike 2B and Paremata No. 3 these distributions have been charged against the respective block accounts. The amounts should have been charged against the Mahurangi Farm (Mangapoike 2B) and Paremata Farm (Paremata No. 3), and not against the accounts of the blocks.

With reference to Mangaheia 2D Current Account, compensation paid to J. S. Patterson, amounting to £4,262 19s. 10d., will be transferred to the Farm Account during the current year. Operations had not commenced on the farm when the accounts were being prepared.

*Sundry Debtors and Sundry Creditors.*—The sundry debtors and sundry creditors on open account should be increased by the sum of £219 1s., as only the net balance of Sundry Debtors and Sundry Creditors Account was taken into account.

*Native Accounts.*—Owing to the resumption of distribution of profits on account of various blocks, many of the old accounts have either been reduced or closed during the past year.

*Mangaheia 2D.*—An adjustment has now been made in connection with the Freehold Account of this block. The valuation of the land now stands at £44,120 19s. 10d., the increase being attributed to the compensation paid to J. S. Patterson—namely, £4,262 19s. 10d.

*Distributions.*—Distributions have been made on several blocks during the past year. In some instances cheques were handed to the Native Department for distribution to the various Natives concerned. I have vouched only the receipts from the Native Lands Department of the total moneys received, but have not checked the individual receipts of the Natives. The Native Lands Department accounts are audited by a Government Auditor who is stationed at Gisborne. I have adopted the same procedure as last year, and have arranged, with the consent of the East Coast Commissioner, for the Government Auditor to check the individual payments.

Subject to the foregoing remarks, I certify that to the best of my knowledge and belief the accounts are correct.

Enclosed please find set of accounts for the year ended 31st March, 1926.

I have, &c.,

ARTHUR T. CLARKE, Auditor.

The Hon. the Minister of Native Affairs, Wellington.

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