ELECTRIC SUPPLY ACCOUNT—*continued.*

WAIKAREMOANA ELECTRIC-POWER SUPPLY—*continued.*

DEPRECIATION RESERVE.

1924–25. £ s. d.		1925–26. £ s. d.	1924–25. £ s. d.		1925–26. £ s. d.
2,883 8 0	Balance carried to balance-sheet	4,431 0 0	1,408 11 0	By Balance at close of previous year	2,883 8 0
			56 7 0	Interest	115 6 0
			1,418 10 0	Amount reserved for year	1,432 6 0
£2,883 8 0		£4,431 0 0	£2,883 8 0		£4,431 0 0

BALANCE-SHEET AT 31ST MARCH, 1926.

1924–25.	*Liabilities.*	1925–26.	1924–25.	*Assets.*	1925–26.
£ s. d.		£ s. d.	£ s. d.		£ s. d.
82,455 5 9	Balance carried to general balance-sheet	87,663 3 3	11,431 10 10	Access roads and bridges	11,431 10 10
..	Sundry creditors	291 8 8	18,478 6 2	Pipe-lines	19,045 2 7
2,883 8 0	Depreciation reserve	4,431 0 0	25,905 18 5	Power-house building and machinery	25,545 12 10
			6,625 1 11	Compensation for land	6,625 1 11
			278 17 3	Headworks	278 17 3
			3,053 0 9	Staff cottages	3,083 1 4
			1,260 1 5	Workmen's huts	1,260 1 5
			436 17 11	Workshop	442 11 4
				Transmission-line surveys—	
			..	Napier–Waikaremoana	1,509 0 8
			..	Waikaremoana–Gisborne	221 0 6
			1,000 0 0	Telephone-line to Wairoa	1,000 0 0
			3,146 2 8	Survey, engineering, and office expenses	4,355 2 10
			5,697 14 5	Interest during construction	5,767 0 5
			77,313 11 9		80,564 3 11
			865 5 8	Sundry debtors	1,138 9 3
			7,159 16 4	Balance from Profit and Loss Account: Accumulated loss to date	10,682 18 9
£85,338 13 9		£92,385 11 11	£85,338 13 9		£92,385 11 11

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position with the following exceptions:—

(*a*) In the opinion of the Audit Office the provisions of section 10, State Supply of Electrical Energy Act, 1917, have not been observed, inasmuch as the Depreciation Reserve has been used for the general purposes of the undertaking instead of being employed for the establishment of a Depreciation Fund.

(*b*) There is no authority of law for the charging against Net Revenue Account interest in respect of Depreciation Reserve moneys employed for the general purposes of the undertaking.

NOTE.—With regard to the foregoing exceptions, which apply to the accounts for 1925–26 only, the Finance Act, 1926, now contains provisions which will for the future enable the moneys of the Depreciation Reserve to be used for the purposes of the scheme instead of being separately invested.

(*c*) In the opinion of the Audit Office the purchase price of the land exchanged for the watershed and paid for out of the Lands Improvement vote is a proper charge against the scheme.—G. F. C. CAMPBELL, Controller and Auditor-General.