

Mr. Millar.

COMPANIES' ACCOUNTS AUDIT.

ANALYSIS.

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A BILL INTITULED

AN ACT appointing the Audit Office to audit the Accounts of Title Companies.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. The Short Title of this Act is "The Companies' Accounts Audit Act, 1896." Short Title.

2. In this Act, if not inconsistent with the context,— Interpretation.

10 "Company" means any bank carrying on business in New Zealand, or joint-stock company or society registered or corporation incorporated under or by any Act of the General Assembly of New Zealand:

15 "Government auditor" means any person licensed by the Governor in Council to audit the accounts of any company:

"Licensed valuer" means any person licensed by the Governor in Council to value the assets or securities of any company:

20 "Balance-sheet" means the annual statement of accounts of a company required to be published by this Act:

"Auditor's certificate" means the certificate issued under the hand of a Government auditor as prescribed by this Act:

25 "Valuer's certificate" means the certificate issued under the hand of a licensed valuer as prescribed by this Act:

"Prescribed" means prescribed by regulation under this Act.

30 3. For the purposes of this Act the Governor, by Order in Council, may appoint such Government auditors and licensed valuers as may be deemed necessary. Appointment of auditors and valuers.

The persons so appointed shall hold office during pleasure, and upon such terms and with such powers and duties as the Governor in Council may determine.

Every company to publish an annual balance-sheet.

4. Every company shall once in every year publish a balance-sheet, which shall contain,---

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(1.) A full account of its receipts and expenditure during its financial year :

(2.) The profit or loss made during such year (if a bank or trading company) :

(3.) A full statement of its assets and liabilities at the end of such financial year, showing how far such assets consist of real or personal property, debts due, good-will, and any amount which may during the financial year have been written off as bad debts or for depreciation of property or good-will :

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(4.) Such other particulars as may from time to time be prescribed.

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AUDIT.

Balance-sheet to be in prescribed form.

5. Every balance-sheet shall be in the prescribed form, and shall be verified by the statutory declaration of such responsible persons connected with the management of such company as may be prescribed.

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Balance-sheet to be sent to Audit Office.

6. A copy of such balance-sheet and declaration shall, within twenty-one days from the end of the financial year of such company, be sent to the Government Audit Office.

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Audit of balance-sheet.

7. The Audit Office shall cause to be audited such balance-sheet with all convenient speed by a Government auditor.

Production of documents.

The company shall furnish the Government auditor with such books, vouchers, and documents as he shall require for the purpose of such audit :

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Provided that the company shall not be obliged to produce or allow inspection of any of its ledgers showing the accounts of any private persons, unless a Judge of the Supreme Court (on the production of evidence that such audit cannot otherwise be satisfactorily completed) shall otherwise order.

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Penalty.

8. If any officer or agent of any company refuses to produce any book, voucher, or document required by this Act, or to answer any question (except as by this Act provided) relating to the affairs of the company, he shall be liable to a penalty not exceeding *one hundred* pounds, or may be imprisoned for a term not exceeding *three* months in respect of each offence.

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Examination on oath.

9. Any Government auditor appointed to inspect the books and accounts of any company may examine upon oath the officers and agents of the company in relation to its business, and may administer such oath accordingly.

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VALUATION OF ASSETS.

Auditor to ascertain values.

10. It shall be the duty of the Government auditor, in addition to auditing the books and accounts, to ascertain whether the value placed by such company on its assets as shown in the balance-sheet is correct.

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For this purpose he shall instruct a licensed valuer to ascertain the value of such assets.

Such licensed valuer, on receiving instructions from a Government auditor, shall forthwith value such assets (or so many of them as the Government auditor may consider necessary) and shall report thereon to the Government auditor.

11. In any case where such company's valuation is not upheld by the licensed valuer, and the difference amounts to one-tenth the value of such assets, the Government auditor shall, when granting his certificate, issue a special report on the value of the assets.

Procedure when valuations differ.

12. When any balance-sheet has been so audited as aforesaid, the Government auditor shall issue his certificate in the prescribed form and shall annex thereto the report of the licensed valuer.

Auditor to issue certificate.

Such balance-sheet, certificate, and report shall be filed in the Government Audit Office, and a copy thereof shall be sent to such company.

The company shall forward to each shareholder a copy of such balance-sheet, certificate, and report within twenty-one days of the receipt thereof.

Shareholders to receive copy of certified balance-sheet.

13. Any Government auditor or licensed valuer found guilty of granting a false or fraudulent certificate or report shall incur a penalty not exceeding *one thousand* pounds, with or without imprisonment for any term not exceeding *three* years.

Penalty for fraudulent certificate.

14. The costs and expenses of any such audit and valuation shall be paid by the company concerned into the Public Account, and shall be according to the scale fixed by the Governor in Council under section nine of "The Public Revenues Act, 1886," in relation to the audit of the accounts of local bodies, and it shall be the duty of the Controller and Auditor-General to recover such costs and expenses as a debt due to the Crown in any Court of competent jurisdiction.

Expenses of audit and valuation to be borne by company concerned.

15. The Governor by Order in Council may from time to time make regulations for all or any of the following purposes, that is to say,—

Regulations.

(1.) Determining or defining any matter said to be prescribed or in respect of which regulations are contemplated under this Act :

(2.) Exercising any power by this Act conferred on him :

(3.) Making provision for any other matter which he deems to be necessary in order to give full effect to this Act.

All such regulations shall be gazetted.

16. Section 4 of "The Mining Companies Act Amendment Act, 1892," and "The Companies' Accounts Audit Act, 1894," are hereby repealed.

Repeals.