Scholarships.—The annual scholarship examination was held, having commenced on Tuesday, the 4th March, and terminated on the Thursday following. The gentlemen who gratuitously undertook the examination were—the Rev George Barclay, Mr Melville Gray, Mr. H. W. Hammond, and the Ven. Archdeacon Harper Thirty-seven candidates presented themselves, as follows: 13 in Class A, 18 in Class B, 5 in Class C, 1 in Class D. These numbers bear very favourable comparison with those of former years in A and B, but there is still very little competition in the higher classes. The result of the examination, with the reports of the several examiners, is appended to this report;* the information thereby communicated being always held of great interest by teachers and pupils, as well as by the public at large.

During the past year, in accordance with the Act, and with the sanction of the Minister of Education, two primary schools—one at Waimate and one at Temuka—have been constituted district high schools. A syllabus of secondary instruction has been drawn up by the Board, and so drafted as to meet the requirements of matriculation in connection with the University of New Zealand, and it will be the care of the Board from time to time to see that these district high schools are furnished with efficient teachers, qualified to carry out the syllabus and to secure the confidence of the Board, the Committees, and the public. We are persuaded, with other bodies similar to our own throughout the country, that the extension of the district-high-school system would be a great boon to the public, diffusing much more widely the benefits of higher education, and diminishing the expense involved in sending children long distances to, and compelling them to board out at the ordinary high schools. In the great majority of our larger schools there is a large amount of unutilized talent, the teachers being well qualified to impart secondary education; and it is a pity this waste should go on where no arrangement has been made in virtue of which both the abilities of the teachers and the capacities of the pupils might be drawn upon and brought into exercise. At present, in the two district high schools already referred to, some thirty students, all above the Fourth Standard, are attending the higher classes.

Staff.—The duties of Secretary and Inspector have been divided, Mr H. W Hammond, hitherto filling both offices, electing to retain the office of Inspector at a salary of £400 per annum, with £75 travelling allowances. A Secretary has been appointed at a salary of £250 per annum, this officer having entered upon his duties in the month of October last.

Inspection and Examination.—The report of the temporary Inspector (Mr John Gurr), appended hereto, gives full particulars of the work of inspection as well as of the general efficiency of the schools in the district. A more than usually inclement season, added to the wide-spread prevalence of whooping-cough, has tended to lessen results as well as figures. The serious illness, for a considerable period, of Mr. Hammond, retarded the commencement of the inspection, and ultimately necessitated the temporary employment of the gentleman above named, in order, by the end of the year, to have the work properly accomplished. The annual pupil-teachers' examination was held in June last.

The Hon. the Minister of Education. Geo. Barclay, Chairman.

General Statement of Receipts and Expenditure for the Year ending 31st December, 1883.

Receipts.	£	s.	d.
To Balance on 31st December, 1882—			
General Account	1,075	0	4
Government grant for buildings	3,567	15	6
Other receipts for buildings—			
Temuka, &c.	51	6	8
Ditto	447	10	0
Waimate	15	0	0
Ditto	87	10	6
Ditto	83	6	6
Ditto	50	2	6
Ditto	292	19	8
Refund Duval	18	0	0
Sutherland's	300	0	0
Government statutory capitation (£3 15s.)	9,216	3	5
Special capitation (5s.)	428	16	8
Scholarships grant (1s. 6d.)	183	15	0
Inspection subsidy	300	0	0
Rent of master's house, Timaru	150	0	0
Payments by School Commissioners for primary education	2,171	19	2
Sir William Fox's prize	5	0	0
Fees from district high schools	10	10	0
Outstanding cheque written off	2	2	0
	£18,456	17	11

Expenditure.	£	s.	d.
By Office staff, salaries	311	8	6
Clerical assistance	3	19	3
Departmental contingencies	250	18	8
Inspector's salary	375	0	0
Inspector's travelling expenses	101	16	2
Examination of pupil-teachers	22	18	10
Teachers' salaries, rent, bonus, &c.	9,460	1	0
Incidental expenses of schools	985	15	1
Scholarships—			
Paid to scholars	202	10	0
Examination expenses	22	6	8
School buildings—			
New buildings	4,805	4	6
Improvements of buildings	349	0	7
Furniture and appliances	562	4	9
Sites	492	11	2
Plans and supervision	338	5	2
Other expenses—			
Balance loan to dépôt	73	12	1
Sir William Fox's prize	5	0	0
Credit balance of account on 31st December, 1883—			
General Account	94	5	6
	£18,456	17	11

Geo. Barclay, Chairman.
J H. Bamfield, Secretary.

I have audited this account, and have examined the items with the vouchers placed before me, and, in so far as they are concerned, find the same correct. The accounts of the School Committees, being audited by direction of the Secretary to the Minister of Education by some person or persons appointed by the Board, have not been brought before me, and I am therefore unable to certify to their accuracy I must again protest against the system adopted of appointing auditors to examine accounts which, being exclusively of a public character, should alone be submitted to the Public Auditor. The amounts are issued under imprest by the Board, and it is absurd to relegate their audit to officers of the Board, primarily responsible to the Public Auditor.—J. Ollivier, Provincial District Auditor. 29th February, 1884.

* Not reprinted here.