

order that the statement of assets and liabilities in the General Account may be fully understood, it may be as well to repeat here an explanation that was given under this heading in last year's report, as follows:—

In Table O there are included among both the assets and the liabilities the payments made to Education Boards in the December quarter by the School Commissioners out of the proceeds from educational reserves, which, if counted among the cash assets, should also be set down on the other side as amounts due to the Government. The origin of the present position in regard to these amounts cannot be clearly understood without going back to the date from which the accounts of the Education Boards may be said to start. After the passing of "The Education Act, 1877," all the accounts of the Boards were adjusted as up to the 30th June, 1878. For the September quarter of that year the full amount of the capitation grant was paid to the Boards, the amounts received by the Boards from the School Commissioners during that quarter not being deducted. In every subsequent quarter there has been deducted from the capitation grant to each Board the amount received from the Commissioners in the preceding quarter. Generally speaking, then, a Board will, at the end of any quarter, have received a sum from the School Commissioners which has not yet, in accordance with the statute, been deducted from the capitation grant, and is therefore a liability to the Government. Strictly, if the Boards include such sums in their money assets, they should show corresponding liabilities. The practice in the past seems, however, to have varied with different Boards. Some Boards have uniformly shown such amounts among their liabilities; some other Boards appear to have overlooked them, or, at all events, to have regularly excluded them from the list of their liabilities. The amounts shown among the liabilities in the column headed "Due to Government" are all of this character. In cases where the amounts derived from primary reserves on account of the December quarter did not appear in the cash balances no corresponding liabilities would arise.

On the General Account five out of the thirteen Boards have improved their position during the year; these are Auckland, Wanganui, Hawke's Bay, South Canterbury, and Otago; the rest have gone back more or less. The most marked improvement is shown by Auckland, which has increased its credit balance from £1,358 to £2,203; by Wanganui, which has reduced its deficit of £974 to £51; by Hawke's Bay, which has increased its balance from £1,204 to £2,855; and by Otago, which has reduced its deficit from £2,309 to £653; while the greatest falling-off is exhibited by Nelson and Southland, which in 1900 had balances respectively of £101 and £908, and in 1901 show deficits of £985 and £261. For the year 1901 nine Boards have deficits on their General Account, amounting in all to £9,570 18s. 1d., the most considerable deficits being—Wellington, £4,549; Nelson, £985; North Canterbury, £2,402; and Otago, £653. The largest balances are shown by Hawke's Bay and Auckland; and the total balances of the four Boards that are in credit amount to £5,922 9s. 11d. The net deficit of all the Boards on the General Account is thus seen to be £3,648 8s. 2d., or less by £2,335 9s. 5d. than at the end of the year 1900. On the two accounts together—Building and General—there has been an improvement for all Boards of £2,121 4s. 3d.

TABLE O.—GENERAL ACCOUNT.—ASSETS AND LIABILITIES OF BOARDS ON 31ST DECEMBER, 1901.

	Assets and Deficits.						Liabilities and Balances.							
Education Districts.	Cash.		Due from all Sources.		Deficits.		Overdrafts.		Due to Government.		Other Liabilities.		Balances.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Auckland ..	..	..	3,786	11 11	..	..	139	18 11	753	0 0	690	16 3	2,202	16 9
Taranaki ..	279	16 5	608	2 9	464	13 6	..	..	401	1 2	951	11 6	..	..
Wanganui ..	583	14 5	992	0 8	51	2 5	..	..	198	18 10	1,427	18 8	..	..
Wellington ..	..	..	1,645	18 6	4,549	3 6	5,532	7 0	..	..	662	15 0	..	..
Hawke's Bay ..	3,296	19 5	504	17 4	..	..	..	..	947	0 0	..	..	2,854	16 9
Marlborough ..	..	..	1,033	11 7	..	..	295	19 9	100	0 0	215	12 8	421	19 2
Nelson ..	..	..	792	19 4	984	16 4	1,361	4 1	317	12 0	98	19 7	..	..
Grey ..	..	..	184	4 10	100	9 3	56	9 3	44	0 0	184	4 10	..	..
Westland ..	..	..	232	11 1	103	19 2	78	1 9	..	..	308	8 6	..	..
North Canterbury ..	1,953	15 4	1,670	9 9	2,402	1 4	..	..	4,874	19 0	1,151	7 5	..	..
South Canterbury ..	373	11 5	1,716	2 4	..	..	..	..	1,138	9 0	508	7 6	442	17 3
Otago ..	4,005	3 11	711	16 3	653	8 2	..	..	3,159	13 3	2,210	15 1	..	..
Southland ..	561	2 4	589	3 10	261	4 5	..	..	..	..	1,411	10 7	..	..
Totals ..	11,054	3 3	14,518	10 2	9,570	18 1	7,464	0 9	11,934	13 3	9,822	7 7	5,922	9 11