on the girls' side. At the University of New Zealand six senior scholarships were won by five former pupils of the school. At the University of London S. A. Bull graduated M.D., and R. W. Allen won a gold medal at the intermediate examination for M.B. At Edinburgh W. J. Barclay was elected F.R.C.S., and obtained the Leckie-Mactier Fellowship.

Free Pupils.—There were during the year thirty-nine pupils receiving free education at the school.

Education Board Scholars.—The number of Board of Education scholars at the school in 1902 was eighty-two.

Prizes.—The usual distribution of prizes took place on the 18th December, 1902. One hundred books were presented to the boys and girls, the cost of which amounted to £50 10s. 9d.

Primary-school Pupils.—An important letter was addressed to the Board by the Minister of Education on the 11th December, 1902, requesting the admission to the school at about half fees of all those who "have obtained a certificate of proficiency" as defined by regulations under "The Education Act, 1877," and are "not over fourteen years of age on the 31st December preceding the date of admission." On this subject a committee was appointed by the Board to consider and report on the matter, and their report, which was as follows, was adopted by the Board, and forwarded to the Minister of Education:—

1. The committee appointed to consider the proposal of the Government for granting free education at the Grammar School regrets that the Board of Governors was not consulted before the scheme was propounded. It appears that this Board is called on, in the first place, to grant free tuition for every £50 of net income from endowments the Board holds. This means that this Board must, in the first instance, admit forty-four pupils without charge. Secondly, the Board is required to admit at about half fees, or £6 per annum, all pupils of primary schools who have obtained "certificates of proficiency" and were not over fourteen on 31st December last. Those eligible in the Auckland Education District, the committee is informed, would amount to about five hundred per annum, of whom two hundred and fifty might claim the privilege of free education. The school, with 380 boys and girls, is now about full, so the Government will perceive the difficulty the Auckland Grammar School Board would be placed in if it now accepted the scheme.

2. The committee therefore regrets that, from want of accommodation, it does not see its way to at once recommend the Board to accept the proposals of the Minister of Education with regard to the admission to the school of boys and girls who have obtained certificates of proficiency at about half the present fees, or £6 for each boy and girl under fourteen years of age on the 31st December last.

Your committee recommends the Board to co-operate with the Government as far as their means permit in extending the benefits of secondary education to pupils of primary schools, provided the Government (1) will grant the Board funds to enlarge the school for the accommodation of boys and girls who become qualified in the primary schools of the Auckland District, and (2) are prepared to grant the Board £10 for each pupil sent under the Government scheme.

The committee thinks it might be right to state that a sum of £6 is inadequate to cover the cost of secondary education. It is estimated to cost at the Grammar School £14 per head, but the committee, being averse to having two scales of fees, recommends the Board to have a uniform fee of £10 for boys and girls over thirteen years of age. It would be manifestly undesirable to have varying fees for tuition in the school—one for the regular pupils and another for the pupils from the primary schools.

The committee is strongly of opinion that if free education be granted it should be granted to those who obtained "certificates of proficiency" at the Scholarship Examination of the Auckland Board of Education, instead of to those who obtained such certificates at the Inspectors' examination of Sixth Standard pupils.

The committee thinks that every reasonable encouragement should be given to pupils of the primary schools advancing to secondary education, as has for many years been done by the Board of Education scholarships, from which they in many cases proceed to university education; but it is the duty of the Board also to take care that their zeal for spreading secondary education does not involve the Board in serious financial difficulties, and therefore it is that the committee advises the Board to ascertain precisely what would be the loss to the Board if the Government scheme were accepted, and what would be the loss on the scheme if modified as is suggested.

G. Maurice O'Rorke, Chairman.

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2. General Statement of Accounts for the Year ended 31st December, 1902.

Receipts.	£	s.	d.
Current income from reserves—			
Ground-rents	2,608	8	6
Weekly rents	1,678	3	0
Paid by School Commissioners	150	0	0
School fees	3,328	8	6
From Education Board under section 23, "Auckland Grammar School Act, 1899"	200	0	0
Sale of old buildings	155	0	0
Refund, Agent-General (Street and Co.'s account)	0	5	0
Sale of a school roll	0	0	6
Balance at end of year	572	17	6
	£8,693	3	0

Expenditure.	£	s.	d.
Balance at beginning of year	320	5	8
Management—			
Salary of Secretary	120	0	0
Other office expenses	43	15	11
Commission, &c., to collector	188	18	0
Teachers' salaries and allowances	4,260	7	0
School requisites	161	13	8
Election expenses	2	14	4
Legal expenses	8	6	5
Scholarship expenses	20	0	0
Prizes	50	10	9
Printing and advertising	121	18	9
Cleaning, fuel, light, &c.—			
School	21	12	6
Other property	42	5	9
Stationery allowance	133	6	8
Site and buildings, from current revenue—			
New buildings	525	1	0
Fencing, repairs, &c.—			
School	123	13	0
Other property	1,648	18	3
Insurance and taxes—			
School	60	16	9
Other property	402	4	6
Interest on current account	19	4	4
Interest on loans	399	18	3
Athletic sports	12	11	6
Swimming sports	5	0	0
	£8,693	3	0

G. Maurice O'Rorke, Chairman.
W. Wallace Kidd, Secretary.

Examined and found correct.—J. K. Warburton, Controller and Auditor-General.