At the end of 1902 the Board was suddenly called on to grant free education to one pupil for every £50 of net income from endowments held by the Board, and to admit at £6 per annum all pupils who obtained certificates of proficiency and were not over fourteen on the preceding 31st December. This scheme the Board declined to accept, as detailed in the previous report of 1902. Without further consultation with this Board Parliament was invited to legalise the scheme, and it was passed with some modification, and of the two branches of the scheme, that of either scholarships or free places, the Board accepted the latter. But what the effect on the school of this new legislation may be the Board will not anticipate, but must reserve its opinion till the scheme has been tested by its trial in 1904. It is, however, clear that the independence of the Board is largely encroached upon, and the tendency of the change is to subordinate the institution to the Education Department in Wellington, and to undermine that free control and management of the school granted by Parliament throughout many years.

The usual distribution of prizes was made at the Choral Hall on the 17th December, 1903, by the

Chairman. Eighty-five prizes were given, and the cost of the same amounted to some £50.

G. MAURICE O'RORKE, Chairman.

2. General Statement of Accounts for the Year ended 31st December, 1903.								
Receipts.	£	s.	d.	Expenditure.				d.
Current income from reserves—				Overdraft at beginning of year		572		6
Ground rents	2,805	17	5	Salary of Secretary		120	0	0
Weekly rents	1,626		9	Office expenses			19	8
School fees	3,351		4	Commission, &c., to collectors		334	4	0
Sale of old buildings	42		0	Teachers' salaries and allowances		4,318	0	0
Loan from Auckland City Council	1,000	0	0	School requisites		148		10
Grant from Auckland Education Board (see-				Election expenses		2	3	4
tion 23, "Auckland Grammar School Act,				Legal expenses	• •	20	.7	6
1899 ")	204	10	0	Prizes		5	17	3
,				Printing and advertising		111	16	8
,				Cleaning, fuel, light, &c.—		20		_
				School			12	. 7
				Property		33		4
				Stationery allowance		135	17	4
				Additions to school—New chemical	labora-			
				_ tory		1,265	6	0
				Fencing, repairs, &c.—		0=0		
				School		259	- 3	6
				Property	• •	607	16	5
				Rates, insurance, and taxes—				
				School	• •	53		9
				Property		412	8	7
				Interest on current account	• •	15	0	0
			-	Interest on loans		343		7
				Athletic sports	• •	12	3	0
				Swimming sports	, .	5		6
				Domain cricket-pitches	٠.	6		0
weg to the first the second of				Balance at end of year	• •	174	10	2
	£9,030	11	6			£9,030	11	6
				1			_	

G. MAURICE O'RORKE, Chairman.

W. WALLACE KIDD, Secretary.

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

3. Work of the Highest and Lowest Classes.

Highest (both Sides).—Latin—North and Hillard's Latin Prose; Sargeant's Easy Passages for Latin Prose; Primer of Roman Antiquities; Smith's Smaller History of Rome; Cicero, Pro Marcello; Virgil, Georgics, III. and IV.; Horace, Odes, III.; Livy, V. French—Wellington College French Grammar, with exercises; De Vogüé, Cœurs Russes, Berthon, Specimens of Modern French Verse; Hamonet, Short Passages from French authors. English—Nesfield's English Grammar Past and Present; Nichol's Primer of English Composition; From Blake to Arnold; Essays of Elia; Selections from Chaucer. Mathematics—Todhunter and Loney's Algebra; Jones and Cheyne's Algebraical Exercises; Hall and Stevens's Euclid; Hall and Knight's Trigonometry; Ward's Trigonometry Exercises. Science: Boys' Side—Roscoe and Harden's Inorganic Chemistry for Advanced Students, Tilden's Practical Chemistry, R. W. Stewarts' Advanced Heat; Girls' Side—Miss Aitken's Botany, C. M. Jessop's Mechanics.

Lowest (both Sides).—Nesfield's The Uses of the Parts of Speech; Longmans' New Zealand Reader, IV.; English History, Symes; Zealandia Geography, IV.; Longmans' Shilling Arithmetic; Dent's First French Book.

4. Scholarships.

The school gave free education to 18 foundation scholars, 16 holders of certificates from the Education Board, I Native scholar, and 4 daughters of members of the staff. Other scholarships held at the school were 6 John Williamson, 3 Rawlings, 11 Auckland Girls' High School, and 80 district (Education Board) scholarships.