

Loan.—This year the loan originally raised for building purposes of £15,000 fell due, and the Council repaid the £15,000 to the Government Insurance Department, who held the debentures. A fresh loan was raised locally for this purpose, and the money was obtained at the rate of $4\frac{1}{2}$ per cent. interest. Authority was obtained by Order in Council to borrow an additional £1,000 for the purpose of reclaiming the block of land near the University Buildings in Castle Street. This money was also raised locally, on debentures at $4\frac{1}{2}$ per cent. It is proposed to confine the Water of Leith by a concrete wall, and fill in that portion of the block which has been removed by the succession of floods in the Leith. A number of valuable building-sites will then be available for lease, and if taken up should return a substantial sum in addition to the interest on the amount of capital invested in the reclamation.

School of Mines.—The cyanide and crushing plant mentioned in the report last year as in contemplation has now been erected, and has been in working order since the end of August. The funds for the erection of the battery and cyanide plant were provided by a special grant of £500 from the department, and a payment of £250 of annual subsidy in arrear. The total cost of the erection and the incidental expenditure on alteration of building has much exceeded this amount. The additional cost of the machinery and its erection was £150 more than the grant.

An unusually large number of names were entered as applicants for admission to the School of Mines—more than forty—and the Council were therefore obliged to have the large room hitherto used as the mining museum fitted with desks and seats for at least forty students, and to have fresh provision made for the mineral and rock specimens, and the various mining models. A further supply of chemicals and apparatus for the assaying classes, and additional petrological microscopes were ordered, as absolutely necessary for the proper instruction of the classes. There are now fifty students attending classes. During the latter part of the year, after the session had terminated, a number of bulk samples were received for treatment at the battery. Mr. P. Fitzgerald, the lecturer on assaying, resigned his appointment at the end of the year, and was succeeded by Mr. F. B. Stephens. A new schedule of the duties of the metallurgist has been drawn up by the Mining Committee, and also regulations for the testing of samples at the School of Mines; these have been approved by the Council. The number of furnaces in the laboratory is quite insufficient for the number of students attending assaying classes, and at least five new furnaces are required, besides additional bench accommodation. The report of the Director of the School of Mines gives a summary of the work done during the year.

The Council again regrets to state that the revenue is barely sufficient to meet ordinary expenses. As pointed out in the last two annual reports, the present revenue from endowments does not leave any money available for advance in any direction. Its fixed engagements absorb the whole of the revenue. The reduction in the rate of interest on the loan from 6 per cent. to $4\frac{1}{2}$ per cent. is a material gain, but for the present it is counterbalanced by the extra expense of the floating of the new loan.

JOSHUA STRANGE WILLIAMS, Chancellor.

APPENDICES.

A.—BALANCE-SHEET for the Year ending March 31, 1897.

<i>Receipts.</i>				<i>Expenditure.</i>			
	£	s.	d.		£	s.	d.
Balance forward from 31st March, 1896 ..	1,673	4	1	Salaries—			
Rent of reserves—				Professors	5,050	0	0
Burwood and Mararoa	1,300	0	0	Lecturers	1,275	0	0
Barewood	900	0	0	Registrar	250	0	0
Benmore	3,000	0	0	Attendants	346	11	0
Forest Hill	53	10	4	Fees—Professors and lecturers ..	2,155	3	0
Barewood (79 c)	10	18	3	Apparatus—			
Castle Street house	80	0	0	Chemical laboratory	86	1	9
Leith Street houses	22	10	0	Physical laboratory	40	19	8
Professors' houses	240	0	0	Biological laboratory	22	12	7
Church Board of Property	1,800	0	0	Medical School	192	18	2
Fees—				Repairs and alterations	34	19	10
College	225	3	0	Library	53	6	6
Professors'	2,331	10	0	Insurance	51	16	8
Interest on fixed deposits	58	11	9	Water, fuel, and light	197	4	7
Government subsidy, School of Mines, 1896,				Printing, advertising, and stationery ..	55	4	6
first moiety	250	0	0	Incidentals	19	7	3
Goldfields revenue—General	265	2	0	Interest on loan	924	19	11
Incidental receipts	53	11	11	Expenditure on Leith Street house ..	0	15	0
Refund from Museum Account	9	17	1	" Castle Street house	6	6	0
				Law costs	132	7	9
				Interest on overdrawn account	8	1	3
				School of Mines Scholarship	23	12	6
				Balance, 31st March, 1897	1,346	10	6
	<u>£12,273</u>	<u>18</u>	<u>5</u>				
					<u>£12,273</u>	<u>18</u>	<u>5</u>

School of Mines Account.

<i>Receipts—</i>				<i>Expenditure—</i>			
	£	s.	d.		£	s.	d.
Government grant for battery	500	0	0	Apparatus—Battery and cyanide plant ..	725	6	1
Half-year's ordinary grant, in arrear ..	250	0	0	Salaries of assistants	63	15	0
Battery returns from September	107	0	0	Balance, 31st March, 1897	67	18	11
	<u>£857</u>	<u>0</u>	<u>0</u>				
					<u>£857</u>	<u>0</u>	<u>0</u>