Under section 27 of the Finance Act, 1925, the statutory allowances to widows and children were increased from £18 to £31 per annum, and from 5s. per week to 10s. per week respectively. The additional expenditure on this account is recovered from the Consolidated Fund.

Those officers who retired during the year and who possessed compensation rights under the Civil Service Act, 1866, would have been entitled to receive the sum of £3,603, the amount of compensation accrued to the date when they joined the Superannuation Fund had they not become participants in the benefits of the fund. The total amount of such compensation for which the fund became liable since the initiation of the scheme is £550,964. To this amount must be added accretions to the date of retirement, approximately £133,000, for which the Consolidated Fund would otherwise have been liable, and the whole may be fairly set against the total subsidies paid to the fund during the past twenty years, amounting to £1,376,500.

Seventy retiring-allowances were discontinued by death, and eighty-nine for other causes—viz., eight widows remarried, and seventy-nine children reached the age of fourteen, and two annuitants retired as medically unfit were reappointed to the Service.

The annual amount payable at the close of the year was £342,881 7s. 4d., as shown in the statement attached.

Income.—The total income for the year was made up as follows:—

	£
Members' ordinary contributions	249,301
Subsidy, Cook and Samoa Administration	1,145
Contributions from Government	99,810
Fines, &c.	305
Interest	146,790
Total income for year	£497,351

Outgo.—The pensions paid during the year to contributors who have retired and to dependants of deceased contributors amounted to £338,138 0s. 4d.—viz., £307,352 4s. 2d. to members, and £30,785 16s. 2d. to widows and children.

Refunds of contributions to contributors who have left the Service amounted to £34,352 11s. 8d., while the refunds under section 42 to personal representatives of deceased contributors and annuitants amounted to £14,722 4s. 6d.

Four contributors who were retired elected to accept a refund of their contributions under section 34, amounting to £939 3s., in lieu of retiring-allowances.

Three contributors were transferred to other funds in accordance with the provisions of section 120, and their contributions, amounting to £465 8s. 2d., were accordingly transferred to such other funds. The salaries of the staff and other office expenses were £2,723 2s. and £1,505 0s. 3d. respectively. The Public Trustee's commission on interest collected amounted to £3,638 0s. 6d. Medical fees for reports under section 32 amounted to £66 3s. During the year a mortgage security was realized at a loss of £1,000 of principal and of £658 7s. 7d., arrears of interest and expenses of realization. The total outgo for the year was £398,386 17s. 5d.

Accumulated Funds.—These amounted at the end of the year to £2,528,454 5s. 6d.

Balance-sheet.—On the 31st March the total assets of the fund, which include provision for the outstanding accounts; amounted to £2,620,003 16s. 9d. The balance-sheet appended gives full particulars as to the liabilities and assets.

Investment of the Fund.—The total investments of the fund at each rate of interest were as follows:—

	£	
Inscribed stock:—		
5 per cent.	4,500	
$5\frac{1}{4}$ per cent.	250,000	
$5\frac{1}{2}$ per cent.	146,350	
6 per cent.	40,000	
Debenture securities:—		
$4\frac{1}{2}$ per cent.	15,000	
5 per cent.	33,102	
$5\frac{1}{4}$ per cent.	15,423	
6 per cent.	418,575	
$6\frac{1}{2}$ per cent.	5,000	
		927,950
Mortgage securities:—		
5 per cent.	2,655	
$5\frac{1}{2}$ per cent.	12,320	
6 per cent.	1,460,433	
$6\frac{1}{2}$ per cent.	151,590	
		1,626,998
Total		£2,554,948

The above total includes £21,509 11s. invested on Stipendiary Magistrates' Account.

The average rate of interest earned for the financial year on the mean funds was £6 1s. 8d. per cent., as compared with £6 1s. per cent. for the previous year.