7. Section 75 of the Act sets out the conditions for normal retirement with the following proviso: "Provided that the Board may with the approval of the Minister of Education extend the provisions of this section to any case in which the age of a male contributor is not less than sixty years, or the age of a female contributor is not less than fifty years, or to any case in which the age of a male contributor is not less than fifty-five years if his length of service is not less than thirty years, or to any case in which the length of service of a contributor is not less than thirty-five years; and in any of those cases the Board may with the like approval impose upon the retiring contributor such terms and conditions as to payments into the Fund or otherwise as the Minister thinks fit."

It seems clear that the original intention of this proviso was to deal with special cases, and that accordingly the power was to be sparingly exercised.

Of the three Government Superannuation Funds, the Teachers' is the only one that made any pretence of so interpreting the section. It is also gratifying to note that the Board safeguarded the Fund by making use of its power to impose terms on contributors so retiring. The Board, in fact, anticipated the "actuarial pension" legislation introduced in 1931, by using an average table of percentage deductions and applying it to the pension that would have been allowed in respect of a medically unfit retirement. Each case was dealt with on its merits by scaling down such deductions to a figure deemed equitable by the Board.

8. The income and outgo of the Fund since the previous valuation were as follow:—

Consolidated Revenue Account of the Teachers' Superannuation Fund from the 1st February, 1930, to the 31st January, 1934.

Income.	£ s. d.	*Outgo.*	£ s. d.
Funds at 1st February, 1930	1,198,711 3 8	Retiring and other allowances	1,074,082 6 8
Members contributions	485,530 3 9	Contributions refunded	124,173 9 10
Government subsidy	251,166 13 4	Transfers to other funds	1,039 18 8
Subsidy Fiji Government	926 16 9	Commission	7,426 9 0
Subsidy under section 114 of the Act	16,019 16 11	Reserve for bad debts	7,500 0 0
Transfers from other funds	1,435 18 8	Other payments	7,863 3 4
Interest on investments	268,010 3 0	Funds at 31st January, 1934	1,003,184 16 1
Interest on arrears of contributions	2,007 4 0		
Other receipts	1,462 3 6		
	£2,225,270 3 7		£2,225,270 3 7

9. Strictly speaking, the Fund shown above should be increased by £39,416 13s. 4d., which sum the Board has not brought into the funds, but shows separately in the balance-sheet as a liability. Section 112 of the Act provides that in the month of January in every year the Minister of Finance shall pay into the Fund the sum of £43,000, and as the Fund's financial year ends on the 31st January, the Board takes credit only for one-twelfth of this amount, regarding the balance as unearned subsidy. This would be correct accounting practice if the accounts were designed to show the annual profit or loss of the Fund, but it is quite clear that such considerations do not apply in the case of a superannuation fund. If ordinary rule of thumb accounting methods are to be adopted, the Revenue Account should credit only such portion of the employees' contributions as is necessary or estimated to be necessary to cover the current year's risk in respect of the contributors and reserve the balance in order to meet the appropriate pensions as they emerge. To put it another way, the ordinary balance-sheet of a superannuation fund makes no pretensions to show the real contingent liabilities of the Fund in connection with pensions and other benefits, and accordingly no good purpose can be served by understating the funds year after year by this amount of £39,416 13s. 4d. Under the circumstances, the Board is recommended to bring its accounting methods into line with the world-wide practice of financial institutions controlling life assurance and other funds whose deferred liabilities involve contingencies which cannot be measured by ordinary accountancy standards.

10. *Income.*—On the income side the chief item requiring comment is the Government subsidy. Compared with the annual subsidies reported as necessary in the last actuarial report, the subsidies paid in during the quadrennium exhibit a shortage of £604,833, apart from the loss of interest thereon.

The effective rates of interest credited to the Fund during each year of the quadrennium are given below, together with those of the previous four years for the purpose of comparison:—

Year.	Rate per Cent. £ s. d.	Year.	Rate per Cent. £ s. d.
1926–27	6 1 1	1930–31	6 1 0
1927–28	6 1 4	1931–32	6 0 1
1928–29	5 19 11	1932–33	5 7 4
1929–30	5 19 4	1933–34	6 0 9

The apparent drop in the yield for the year 1932–33 is due to the fact that the accounts were closed prior to the decision of Government to reimburse the Fund the loss in interest sustained under the provisions of the National Expenditure Adjustment Act, 1932. As the amount accrued (£7,335) is identical with the amount accrued but not paid in or taken credit for in the year 1933–34, it will be seen that the interest-yield over the past eight years has been fairly constant.