

The whole of the profit disclosed, however, has accrued for the benefit of Service personnel, and the undistributed portion provides the Board with working capital which enables it to operate without assistance from Government or other sources.

No portion of canteen profits is paid to Government or other funds.

Profits distributed by the Board are allocated by the respective branches of the Service for use as regimental, institute, or ship's funds, as the case may be.

The Board recently allocated £1,200 to be forwarded to Japan to assist in providing Christmas amenities for the New Zealand Occupation Forces.

The ultimate disposal of funds has not yet been finalized. In this connection the following extract from Defence Canteen Emergency Regulations 1939, under which the Board was established provide :—

After such provision has been made as the Board thinks proper for liabilities, whether accrued or contingent, for reserves, and for future activities of the Board, the profits arising from the operations of the Board shall be disposed of in such manner as the Board, with the approval of the Minister, thinks fit, by way of grant to regimental funds or in any other manner for the benefit of members, past and present, of the military Forces serving or enrolled for service during the present war (including the Naval, Army, and Air Forces of the Crown), and their dependants.

Out of revenue the Board meets all expenses of operation, including staff salaries, cost of rations and quarters, sea freight, railages, and incidental expenses.

The Board's finances are in a sound position, and it is safe to say that cash equal to the profit and loss appropriation balance could be obtained on a forced realization. Cash balances in excess of the Board's trading requirements are periodically invested in Government securities.

The service is continuing to deal with the requirements of the interim Forces besides being available to servicemen on furlough, and is making a considerable contribution in the effort to provide adequate canteen stocks for the British Commonwealth Occupation Forces in Japan.

This opportunity is taken to express thanks to the Canteen staff and to those in the Service Departments whose co-operation has, in no small measure, contributed to the success of the service since the establishment of the Board over seven years ago.

F. JONES, Minister of Defence, Chairman.

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