From the Balance-sheet it will be seen that the Board is holding assets exceeding liabilities by £928,357. It is anticipated that most of this sum will be transferred to a new Board—namely, the Canteen Fund Board—constituted under the Patriotic and Canteen Funds Act, 1947, which Act comes into force on 1st May, 1948. Preliminary discussions with the nucleus of the Canteen Fund Board are already being held to reach a basis and arrange the procedure whereby the transfer of profits may be satisfactorily accomplished.

It is hoped that sufficient assets will be retained to ensure the continued efficiency of the canteen service, the profits therefrom to be returned to the Armed Forces for the benefit of serving personnel, who necessarily must rely to a major extent on this source of revenue to maintain and foster certain activities appropriate to Service life.

The impending adjustment of canteen finances and the projected reconstitution of the Board will draw in effect a line between the wartime and peacetime administration of canteens. The wartime policy of the Canteen Board is justified by the strong financial situation it is in to-day. Reasonable grants, amounting in the aggregate to £304,123, have been made to the Armed Forces from time to time, and its present assets will enable the Board to give full effect to its obligations under the Defence Canteen Emergency Regulations 1939 wherein, in the matter of profits, the Board was required to have regard to the benefit of not only serving personnel, but also for "members past and present of the Military Forces serving or enrolled for service during the present war and their dependants."

I desire to thank all members of the Canteen Board staff, who have, by their efforts, contributed towards the satisfactory results of the past year.

F. JONES, Minister of Defence (Chairman).

CANTEEN BOARD

Trading Account for the Year Ended 31st March, 1948

Dr.	Per Cent.	£	s.	d.	*Cr.*	Per Cent.	£	s.	d.
Stock, 1st April, 1947 ..		35,879	12	3	Gross Sales	100·00	198,751	12	9
Plus purchases ..		184,830	0	11					
		220,709	13	2					
Less stock on hand, 31st March, 1948 ..		60,694	7	0					
Cost of goods sold ..	80·51	160,015	6	2					
Gross profit, transferred to Profit and Loss Account	19·49	38,736	6	7					
		£198,751	12	9			£198,751	12	9

Profit and Loss Account for the Year Ended 31st March, 1948

Dr.	Per Cent.	£	s.	d.	*Cr.*	Per Cent.	£	s.	d.
Canteen salaries and wages	12·74	25,309	10	0	Gross profit transferred from Trading Account	19·48	38,736	6	7
Depreciation Account ..	0·12	242	16	3	Commission on shipments to Japan	0·16	319	14	0
Canteen freights, cartage, postages, and sundry expenses	2·48	4,942	5	3	Interest on investments	10·75	21,356	7	0
Administrative expenses	2·40	4,773	5	1	Profit on realization of assets	0·10	212	5	9
Net profit, transferred to Appropriation Account	12·75	25,356	16	9					
	30·49	£60,624	13	4		30·49	£60,624	13	4