

1949
NEW ZEALAND

CANTEEN BOARD

REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1948

Laid on the Table of Both Houses of the General Assembly by Leave

A REPORT on the operations of the Canteen Board, together with the principal accounts and Balance-sheet herein is submitted as required by the Defence Canteen Emergency Regulations 1939, under which the Canteen Board is constituted.

In the year under review, due to the absence overseas of some Board members and the retirement of R. P. Fraser, Esq., the affairs of the Board were in the hands of—

Hon. F. Jones (Chairman).
 Commander (S) H. R. Sleeman, O.B.E.
 Lieutenant-Colonel J. Brooke-White.
 Air Commodore C. Kay, C.B.E., D.F.C.
 G. Hope, Esq.
 K. B. Longmore, Esq.
 Mr. A. G. Hedgman (Secretary of the Board).

During the past year the Board, in its ninth year of operations, has continued to provide canteen facilities in the main Navy, Army, and Air Force establishments, and, as forecast in the last annual report, a further recession in sales has been experienced as a result of the gradual closing of canteens in accordance with the reduced strength of the Armed Forces. A steady rise and fall in revenue in sympathy with the rise and fall in the numerical strength of canteen patrons can be traced in the statistics presented since the inception of the Board in 1939. The present trading level is commensurate with the number of canteens still in operation, and the results are quite gratifying having regard to the changed circumstances which the Board is now meeting.

The operation of the law of inverse proportions may be seen in the percentage figures relating expenses to sales, and similar effects must be anticipated until the plans for the future are brought to fruition, but notwithstanding the small reduction in the percentage of net profit the activities of the past year have resulted in an addition of £25,357 to the accumulated profits, which in the years 1940–48 inclusive reach the aggregate total of £1,232,480. It is doubtful if a profit will be made in the coming year, for accrued and prospective expenses disproportionate to next year's trading will be experienced in shaping a new course along the lines made imperative by the impending reconstitution of the Board and the transfer of the bulk of its profits, to which further reference is made in a later section of this report. These profits are held principally in the form of investments, which, when transferred, will mean a substantial loss of interest to the Board. Accrued leave and other staff entitlements will have to be settled in cash, contingent liabilities will have to be adjusted, and extra expenses consequential to the closure of further stores and canteens will have to be met. It is anticipated that after the coming year steady profits again will be earned for return to the services for the purpose of enabling them to meet expenditure incurred on recreational and other pursuits not covered by Armed Forces votes.

Pending a decision on the future of post-war canteen services the Board endeavoured to preserve the *status quo*, for the reason that any successor controlling body would be likely to prefer to take over all facilities in their functioning state. With this thought in mind, policy in the past year has not been dictated by sheer financial considerations, and the deferment of appropriate action which otherwise would have been taken is slightly reflected in the table which appears in this report.

In view of the extreme difference between war and peace conditions and in the knowledge that canteen facilities were desirable for the home Forces, in the past year opportunity was extended to the responsible service authorities to recommend the most suitable system to be employed in the future. Methods considered were :—

- (1) A Board modelled on the lines of the Canteen Board to attend to all phases of canteen activities as had been done by the Canteen Board in the past.
- (2) The Services, either separately or collectively, to conduct their own canteen affairs.
- (3) A Board only to procure and store stocks for withdrawal by the Services, who would staff and conduct canteens on their own behalf.

It is a commendation of the Board's past achievements that the representatives of the Navy, Army, and Air Force requested that the control of canteens should be exercised by a Board to operate a policy substantially the same as that which had proved so satisfactory in the past.

The decision having been made accordingly, steps were taken immediately to commence the necessary reorganization. One bulk store was closed and ten canteens converted to a unit basis. (The term "unit canteen" is used to define a canteen operated by Service personnel when the business done by such a canteen is insufficient to warrant a full-time operator.) In such instances units are still enabled to procure their supplies through the canteen organization and thus enjoy the same range of supplies available to the patrons of fully operative canteens.

The essential results of the past year's trading appear in the following table :—

Year Ended 31st March,	(1) Sales.	(2) Net Profit.	(3) Gross Profit.	(4) All Expenditure.	(5) Net Profit.	(6) Administration Expenses Included in Expenses.
	£	£	Per Cent.	Per Cent.	Per Cent.	Per Cent.
1940 ..	85,626	11,608	26·88	13·32	13·56	3·83
1941 ..	338,623	51,066	29·08	14·00	15·08	1·97
1942 ..	574,739	87,739	26·67	11·40	15·27	0·95
1943 ..	1,742,871	278,514	21·99	6·01	15·98	0·40
1944 ..	2,284,962	307,101	18·69	5·32	13·37	0·36
1945 ..	1,810,897	265,866	20·57	6·09	14·68	0·39
1946 ..	1,151,944	143,072	18·60	7·56	12·42	0·59
1947 ..	393,732	62,157	23·25	13·62	15·79	1·28
1948 ..	198,751	25,357	19·49	17·74	12·75	2·40
	8,582,145	..				
Total net profit ..		1,232,480				
Distributed ..		304,123				
Undistributed ..		928,357				

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

CANTEEN BOARD—*continued*PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1948

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
Distribution of profits to defence services	15,365	11	11	Balance brought forward ..	918,365	12	11
Balance forward to next year ..	928,356	17	9	Net profit from Profit and Loss Account	25,356	16	9
	<u>£943,722</u>	<u>9</u>	<u>8</u>		<u>£943,722</u>	<u>9</u>	<u>8</u>

BALANCE-SHEET AS AT 31ST MARCH, 1948

<i>Liabilities</i>	£	s.	d.	<i>Assets</i>	£	s.	d.
Sundry creditors	28,364	16	5	Plant, equipment, furniture, and fittings, less depreciation ..	1,230	1	2
Profit and Loss Appropriation Account	928,356	17	9	Stock on hand and in transit ..	60,694	7	0
				Sundry debtors	30,655	9	3
				Investments: New Zealand Government stock	708,868	1	7
				Cash at bank, in hand, and in transit	150,713	6	4
				Interest accrued	4,560	8	10
	<u>£956,721</u>	<u>14</u>	<u>2</u>		<u>£956,721</u>	<u>14</u>	<u>2</u>

A. G. HEDGMAN, Secretary.

I hereby certify that the Trading Account, Profit and Loss Account, Appropriation Account, and the Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. P. RUTHERFORD, Controller and Auditor-General.

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