

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

Year Ended 31st March,	(1) Sales.	(2) Net Profit.	(3) Gross Profit.	(4) All Expenditure.	(5) Net Profit.	(6) Adminis- tration 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
1949	171,427	3,302	15·49	15·29	1·94	2·24
	8,753,572					
Total net profit	1,235,782				
Add sundry recovery	83				
		1,235,865				
Distributed to—						
Defence services	310,375					
Canteen Fund Board—						
Cash	90,680					
Investments	708,868					
Contingent liability settled	4,684					
		1,114,607				
Undistributed	121,258				

The obvious discrepancy between the results of the 1948 and 1949 financial years is simply explained.

SALES

The recession in sales is a normal consequence of the closing of uneconomic canteens and the cessation of business with organizations such as Returned Services Associations, Y.M.C.A., and Red Cross Societies. The closing of the Board's bulk stores made the servicing of the aforementioned organizations impracticable and the Board was required by the new Act to function only on Service establishments.

GROSS PROFIT

As the gross profit necessarily is affected by the value of stock on hand, the reduced gross profit reflects the careful revaluation of stock as a prerequisite to ascertaining the worth of the organization before the important occasion of dividing the Board's funds to which reference is made in a later section of this report. Certain stock distributed throughout the ramifications of the canteen service hitherto have been valued in relation to cost price less usual depreciation, but it will be apparent that by their nature a large proportion of canteen goods procured for use in wartime have become obsolescent either through deterioration, supersession by up-to-date goods of popular demand, the reversion to peacetime packaging, and their general uselessness in peacetime. Consequently, at this stocktaking, following the assembly of stocks from bulk stores which have been closed and the marshalling of unwanted canteen goods, special care has been exercised to value stock on hand at its current disposal value. Hence the percentage of gross profit shows to disadvantage in comparison with former years, but even so it is reconcilable with the generally restricted profit margins applicable to the class of goods to be found in canteens.