

MINISTERIAL AND DEPARTMENTAL INTERVIEWS

Throughout the year the Trust found it necessary to seek assistance and co-operation of Cabinet Ministers and Departments regarding difficulties and problems of implementing various aspects of its policy. Deputations from the Trust have waited on the Prime Minister, Ministers of Finance, Justice, and Works, and numerous interviews have been held with Government departmental officers. At no time has the broad policy of the Trust been questioned.

TRADING RESULTS FOR THE YEAR

The annual accounts and Balance-sheet are appended, and show that the net trading profit after providing for depreciation and for all expenses, but before providing for taxes, amounts to £15,857.

Revenue from sales represents only ten months' trading, as the bottle-stores did not open for business until the end of May.

No comparison can be made with the previous annual statement, as trading operations had not commenced at the end of March, 1948. The expenses incurred in that period have been written off in the current accounts as shown.

Full provision for taxes amounts to £10,032, and this amount, deducted from the trading profit, leaves a final net profit of £5,825. The burden of taxation has proved very heavy, and, due to the fact that what would normally be a number of units of business being concentrated in the one Trust holding, is inflated, and in the future will tend to be at still higher levels. Over 12s. 7d. from each £1 of profit is taken by taxation. Over £10,000 which could be used for development will be withdrawn in the one year. It is quite clear that at this stage payment of the tax must result in an additional £10,000 of borrowings. The cure for this paradox appears to lie in some form of special legislation. It is obvious that this and all other similar Trusts must in the long-run pay for their capital development out of profits, and must in the initial stages borrow substantial sums from one source or another. The heavy withdrawal of profits by taxation therefore appears uneconomical. It is not anticipated that profits in the near future will be greater. In many ways the year just completed was particularly advantageous, including as it did very low capital costs and the most profitable class of trade, in conjunction with a starved market and relatively low overhead. For some years the Trust will have a good deal of non-profit-earning development, and then for a time will have very heavy interest and depreciation charges. As the public bars and accommodation units come into operation, these charges will be gradually overtaken and reasonable profits should again be shown.

DISTRIBUTION OF PROFITS

The Trust has decided, in view of the heavy capital expenditure programme and other commitments now in progress, that no amount will be distributed from profits this year.
