

STATE MANAGEMENT DISTRICTS

(LICENSING ACT, 1921).

ANNUAL REPORT

FOR THE YEAR ENDED
31st MARCH, 1929.

(Presented pursuant to Act 11 and 12 Geo. V, c. 42, s. 16 (4).)

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STATE MANAGEMENT DISTRICTS.

(Licensing Act, 1921.)

REPORT.

The Licensing Act, 1921,* requires the respective Secretaries of State to present to Parliament an annual report as to their procedure in connection with the schemes of State Management of the Liquor Trade in the districts of Carlisle, Gretna and the Cromarty Firth. This Report is the eighth report to be presented in accordance with the requirements of the Act and relates to the year ended 31st March, 1929, when our predecessors in office were responsible for the conduct of the State Management Districts.

FORM OF ACCOUNTS.

The Accounts are presented in a new form, as to which some explanation is desirable.

The form in which the accounts have hitherto been presented was devised to meet the demand that they should, so far as differences of conditions would permit, resemble those of a commercial company. But, as has been frequently pointed out, the manner of financing the State Management undertakings differed essentially from that which is customary at the initiation of a joint stock enterprise. The funds required, whether for the acquisition of the assets of the undertakings, or for working expenses, have been provided by drawing from time to time upon the Exchequer, and the gross receipts were paid into the Exchequer in their entirety. In the earlier years, when heavy drawings had to be made for the acquisition of fixed assets, the debit balance in the account with the Exchequer, which has been compared to a floating bank overdraft, grew rapidly. In due course, as the acquisitions were completed, the reverse process set in, and the receipts (which included the trading profits) exceeded the amount of the drawings, and tended to reduce the debit balance. In other words, the outstanding issues from the Exchequer, upon which interest was charged at current rates, attained their maximum during the earlier years, and were thereafter gradually extinguished. These Exchequer issues, with the interest thereon, were, as explained in the last report, finally repaid in the course of the financial year 1927-28.

While it has been possible, with the accounts in the form in which they have hitherto been presented, to effect some comparison of the trading results with those of commercial concerns, the principal feature of the accounts has been the exhibition of

* 11 & 12 Geo. 5, c. 42, s. 16 (4).

the progress made towards the extinguishment of the outstanding Exchequer issues. With the completion of this process, the question arose as to the form in which the accounts should be presented in future, and the Public Accounts Committee expressed the desire that the account should be recast, and that a figure, even if it be an arbitrary one, should be reinstated to represent approximately the capital originally put into the undertaking.* It will be clear from the explanation furnished above that there has been nothing corresponding to the subscribed capital of a company incorporated under the Companies Acts, and after discussion with the Treasury, we have decided to adopt, as a figure which reasonably represents the aggregate capital of the three undertakings, the sum of £732,000. This sum is approximately the maximum amount (£661,665) of Exchequer advances outstanding at the end of any financial year together with the compensation liability (£138,782) outstanding at the same date, 31st March, 1919, less the sum of £68,130 resulting from the sale of capital assets in the Carlisle district in subsequent years. The total of £732,000 has been allocated to the respective districts in proportion to the net assets of each, as follows:—

	£
Carlisle State Management District ...	593,300
Gretna State Management District ...	49,200
Cromarty Firth State Management District	89,500
	£732,000

These figures, which have been approved by the Treasury, have accordingly been inserted in the Statement of Assets and Liabilities, and this Statement also contains the figures of the balances of the accumulated profits retained in the undertakings.

At the same time, opportunity has been taken to make certain minor amendments in the form of Account, with a view to furnishing more complete information as to the provision for depreciation, and the amounts written off from revenue in respect of additions and improvements.

FINANCIAL POSITION.

The financial position of the three districts as at 31st March, 1929, is set out in the Summary of the Accounts printed in the Appendix to this Report.†

The trading profits of the three undertakings for the year ended 31st March, 1929, amounted to £69,784 9s. 9d., of which

* Second Report of the Select Committee of Public Accounts, 1929, paragraph 13 (H.C. 113) of 1929.

† The separate Accounts have been certified by Messrs. Mann, Judd, Gordon & Co., Chartered Accountants, Glasgow, and submitted to the Comptroller and Auditor-General. The certificate of the Comptroller and Auditor-General will be appended when he presents the Accounts to the House of Commons under Section 5 of the Exchequer and Audit Departments Act, 1921.

£51,784 9s. 10d. has been paid over to the Exchequer, and the balance retained in the undertakings. Before arriving at these profits there has been deducted, as in previous years, the cost of alterations and improvements not adding to the realisable value of the properties and all ordinary recurrent charges, including licence and other duties, taxes (other than Income Tax—Schedule D), rates (or contributions in lieu thereof), cost of managerial and architectural staff and depreciation of fixed and loose plant, furnishings and utensils.

There was a decrease of about £29,000 in the receipts from the sales of intoxicating liquor in the retail houses of the Carlisle District; and the total trading profit in the year ended 31st March, 1929, was £9,236 6s. 2d. less than in the previous year.

GENERAL.

The geographical limits of the three Districts are defined in the Second Schedule to the Licensing Act of 1921. Briefly, the Carlisle District comprises the City of Carlisle together with the Cumberland Ward and Maryport Petty Sessional Divisions, and certain portions of the Wigton, Longtown and Cockermouth Petty Sessional Divisions, all situate in the County of Cumberland. The number of licensed premises and businesses acquired in this District since the inception of the Scheme was 321, and that number has been gradually reduced to 193. In the Gretna District, which comprises the Burgh of Annan and part of the surrounding County of Dumfries, a reduction has been effected from 29 to 15, and in the Cromarty Firth District, consisting of the Burghs of Cromarty, Dingwall and Invergordon, and part of the County of Ross and Cromarty, the corresponding figures are 39 and 19.

During the period under review, the new houses to replace the Malt Shovel public-house in Carlisle and the Black Lion Inn at Durdar were completed and opened to the public. The new Malt Shovel contains, in addition to the large public bar, a winter garden and a billiard room for the benefit of the public bar customers. The opening of the new house made practicable the closing of the neighbouring Golden Fleece Inn and the sale of the premises. The new Black Lion is planned as an up-to-date country public-house, with separate accommodation for the service of teas and other meals. A scheme has been approved for the erection of a new and up-to-date public-house in place of the Spinners Arms at Cummersdale, a village on the outskirts of Carlisle, the present house being now out-of-date and inadequate to the needs of the locality. Important improvements have been made at the Red Lion Hotel in Carlisle, where the dining-room has been enlarged and improved, and at the Golden Lion, the principal hotel in Maryport, where the dining-room has been improved, and a hotel lounge and a new billiard room have been provided. Improvements have also been effected in the accommodation at the Central Hotel, Carlisle, at the

Graham Arms Hotel, Longtown, and at the Bridge End Inn, Hawksdale.

A commencement has been made with the rebuilding on an enlarged scale of the Cumberland public-house in Botchergate, Carlisle. The rebuilding has been undertaken partly with the object of providing for the trade of the Carlisle Arms, which, as stated in the last Report, is to be closed and sold to the Carlisle Corporation for the purpose of a street improvement, and partly in pursuance of the general policy of public-house improvement.

At the Carlisle Historical and Civic Pageant held in August last the entire catering was undertaken by the State Management Scheme, and the arrangements met with general satisfaction.

In Scotland, improvements have been effected in the Cromarty Firth District at the Conon Hotel at Cononbridge and the Caledonian Hotel at Dingwall. In the Gretna District increased garage accommodation has been provided at the Powfoot Golf Hotel, and a commencement has been made with the improvement of the approach to the premises known as Gracie's Banking. This latter work will include the provision of a new and widened public road, which will, on completion, be handed over to the town of Annan.

In the Carlisle District and in the Scottish Districts the houses generally have been maintained in a good condition of structural and decorative repair.

In June, 1928, Mr. William Garrow, J.P., was appointed Chairman of the Cromarty Firth Local Advisory Committee in succession to ex-Provost MacDonald, of Invergordon, who died in March of that year. Mr. W. Fergus Graham, of Mossknowe, was appointed Chairman of the Gretna Local Advisory Committee in November last in succession to Colonel Brook, who, as stated last year, had resigned on grounds of ill-health.

We have learned with great regret of the death, in September, 1929, of Sir William Towle, a valued member of the State Management Districts Council. Sir William Towle was one of the original members of the Central Control Board (Liquor Traffic) and on the abolition of that body in 1921 he became a member of the State Management Districts Council on which he served continuously up to the time of his death.

Sir William had been in control of the Midland Railway Hotels for more than 40 years and he had acquired an outstanding reputation as a pioneer of improved methods for the supply of refreshments, whether food or drink, to all classes of the community. His unrivalled experience in this field was placed freely at the disposal of the State and we desire to take this opportunity of placing on record our appreciation of his valuable services.

J. R. CLYNES.

W. ADAMSON.

1st November, 1929.

STATE MANAGEMENT DISTRICTS

STATEMENT OF ASSETS AND LIABILITIES

LIABILITIES.	Carlisle.			Gretna.			Cromarty Firth.			Totals.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
I. CAPITAL, ACCOUNT...	593,300	0	0	49,200	0	0	89,500	0	0	732,000	0	0
II. RESERVE from Profits for repairs and im- provements	15,263	16	7	2,000	0	0	2,200	0	0	19,463	16	7
III. SUNDRY CREDITORS AND ACCRUED CHARGES	23,413	8	1	5,258	2	9	5,535	4	2	34,206	15	0
IV. PROFIT AND LOSS ACCOUNT— Balance of accumula- ted Profits retained in Undertaking ...	317,941	8	10	25,588	14	2	48,084	10	6	391,614	13	6
	£	949,918	13 6	82,046	16 11	145,319	14 8	1,177,285	5 1			

PROFIT AND LOSS ACCOUNT FOR

DR.	Carlisle.			Gretna.			Cromarty Firth.			Totals.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
To Interest on claims out- standing (estimated)	43	0	0	—	—	—	—	—	—	43	0	0
„ Depreciation of Fixed and Loose Plant, Fur- nishings and Utensils	6,293	0	10	1,018	12	11	1,178	0	2	8,489	13	11
„ Depreciation of Lease- hold Properties ...	55	19	0	—	—	—	—	—	—	55	19	0
„ Alterations and Im- provements to Proper- ties — proportion of cost written off ...	5,214	6	0	1,885	1	4	2,417	0	5	9,516	7	9
„ Headquarters Admini- strative Expenses ...	5,097	13	0	492	10	3	766	16	5	6,356	19	8
„ Insurance	1,302	14	5	115	2	1	108	16	11	1,526	13	5
„ Balance, Profit for year carried down ...	58,146	11	7	4,158	4	0	7,479	14	2	69,784	9	9
	76,153	4	10	7,669	10	7	11,950	8	1	95,773	3	6
„ Cash transmitted dur- ing the year, or in course of transmission to the Exchequer ...	38,168	1	8	6,341	5	6	7,275	2	8	51,784	9	10
„ Balance carried to Statement of Assets and Liabilities above	317,941	8	10	25,588	14	2	48,084	10	6	391,614	13	6
	£	356,109	10 6	31,929	19 8	55,359	13 2	443,399	3 4			

(LICENSING ACT, 1921).

AS AT THE 31ST MARCH, 1929.

ASSETS.	Carlisle.			Gretna.			Cromarty Firth.			Totals.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
I. LAND, BREWERIES, MALTINGS, SPIRIT STORES, LICENSED AND OTHER PROPERTIES (including licence values), and fixed plant, at cost, less depreciation of leaseholds and fixed plant	644,907	0	1	57,538	14	10	115,627	9	5	818,073	4	4
II. ADDITIONS AND IMPROVEMENTS, less amounts written off...	162,589	19	7	15,392	0	3	9,708	7	2	187,690	7	0
III. LOOSE PLANT, FURNISHINGS AND UTENSILS, less depreciation	28,850	2	11	3,964	14	7	5,408	10	8	38,223	8	2
IV. STOCKS, at cost or under	106,165	18	11	4,763	19	8	14,270	7	1	125,200	5	8
V. SUNDRY DEBTORS ...	4,762	7	0	179	3	7	43	1	6	4,984	12	1
VI. CASH at Banks and in hand	2,643	5	0	208	4	0	261	18	10	3,113	7	10
£	949,918	13	6	82,046	16	11	145,319	14	8	1,177,285	5	1

THE YEAR ENDED 31ST MARCH, 1929.

CR.	Carlisle.			Gretna.			Cromarty Firth.			Totals		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
By Balance from Trading Accounts, after making provision for Rent, Repairs and Renewals; Licence and other Duties (Beer, Spirits, etc.); Taxes (other than Income Tax (Sch. D)); Rates (or contributions in lieu thereof); Managerial and Architectural Staff	65,785	12	9	7,044	16	0	10,901	7	4	83,731	16	1
„ Balance from Property Account	10,367	12	1	624	14	7	1,049	0	9	12,041	7	5
	76,153	4	10	7,669	10	7	11,950	8	1	95,773	3	6
„ Profit for year brought down	58,146	11	7	4,158	4	0	7,479	14	2	69,784	9	9
„ Amount brought forward, being balance of accumulated Profits retained in Undertaking at 31st March, 1928 ...	297,962	18	11	27,771	15	8	47,879	19	0	373,614	13	7
£	356,109	10	6	31,929	19	8	55,359	13	2	443,399	3	4

J. C. G. SYKES, *Accounting Officer.*

19th October, 1929.