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CANADA

**OPERATING RESULTS AND FINANCIAL STRUCTURE
INDEPENDENT DRUG STORES
1956**



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NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢
- *B — Operating Results of Food Wholesalers, 25¢
- *C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- *D — 1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
 - 2 Operating Results of Drug Wholesalers, 25¢
 - 3 Operating Results of Hardware Wholesalers, 25¢
 - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
 - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

Part II — Retail Statistics

- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- *H — Operating Results of Food Store Chains, 25¢
- *I — Operating Results of Clothing Store Chains, 25¢
- *J — 1 Operating Results of Variety Store Chains, 25¢
 - 2 Operating Results of Drug Store Chains, 25¢
 - 3 Operating Results of Furniture Store Chains, 25¢
- K — Operating Results of Independent Food Stores, 25¢
- L — Operating Results of Independent Clothing Stores, 25¢
- M — Operating Results of Independent Hardware, Furniture, Appliance, Radio and Television Stores, 25¢
- N — Operating Results of Filling Stations and Garages, 25¢
- O — 1 Operating Results of Independent General Stores, 25¢
 - 2 Operating Results of Independent Restaurants, 25¢
 - 3 Operating Results of Independent Fuel Dealers, 25¢
 - 4 Operating Results of Independent Drug Stores, 25¢
 - 5 Operating Results of Independent Jewellery Stores, 25¢
 - 6 Operating Results of Independent Tobacco Stores, 25¢
- P — Retail Credit, 25¢

Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 10¢
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The reports are punched to permit of filing in a ring binder.

* Biennial reports — not issued for 1956.

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DEFINITIONS

Profit and Loss

Net Sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases — are taken at invoice value less returns and allowances cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.), and amount paid for contract delivery.

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — payments for use of business premises, including rentals of warehouses and garages, etc.

Heat, light and power — cost applicable to year's operations.

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation allowances — provision for decrease in the value of fixed store assets.

Office and store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income — interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expenses — interest expense, rental expense, any other expenses not pertaining to the business.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth

Current liabilities — obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net Worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

— Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios — Each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

Liquidity Ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed — $\text{Net Sales} \div \text{Total Assets used in the business}$ — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE INDEPENDENT DRUG STORES, 1956

INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trade covered here. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard by which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size and kind of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements

involved in operating a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail drug stores. Separate figures are given for both unincorporated and incorporated stores.

There are analyses of:

1. Profit and loss statements
2. Balance sheet statements

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories. This 1956 report, for the first time, shows information on "other income" and "other expense". The segregation of these improves the quality of the ratios for net operating profit in that there is little chance of a "net" of these two items being included in operating profit.

Balance sheet data, which were introduced in 1948, is continued in this 1956 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales than was possible when all fixed assets of the proprietor were reported as one item.

INDEPENDENT DRUG STORES

This survey of independent drug stores includes only retail establishments selling mainly prescription drugs, patent medicines, drug sundries, cosmetics, toilet articles and preparations, tobacco, books and magazines and other novelties. Stores operating a soda fountain were not covered.

Separate tabulations were made of unincorporated and incorporated stores for both profit and loss ratios and balance sheet data. Reports used in this study numbered 520 in the unincorporated group (206 owned and 314 rented stores); the in-

corporated class had 131 respondents (25 owned and 106 rented stores). A slightly smaller number was used in each for the balance sheet tabulations due to the fact that stores in the lowest sales-size classes were not required to furnish balance sheet information. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes", the different sales-size ratios were com-

bined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations so that the ratios shown in the summary table below more truly represent the trade total.

Both forms of organization operated on higher gross profit ratios in 1956 than they did in 1954. Slight decreases were registered for total operating expenses for the two groups, thereby adding to the marginal profits to produce higher ratios of net operating profit. Stores operated as proprietorships or partnerships increased their net profit from 11.59 per cent in 1954 to 12.12 per cent this year. Incorporated stores increased their net profit from 3.64 per cent to 4.46 per cent in 1956.

TABLE 1. Operating Results of Independent Drug Stores 1954 and 1956 Compared

Item	Unincorporated		Incorporated	
	1954	1956	1954	1956
	(per cent of net sales)			
Gross profit	29.82	30.26	32.14	32.76
Operating expenses:				
Employees' salaries	9.20	8.62	18.53	18.37
Occupancy	4.77	5.19	5.16	5.13
Office and store supplies	0.62	0.56	0.64	0.57
Advertising	0.83	0.80	1.08	0.98
All other expenses	2.81	2.97	3.09	3.25
Total operating expenses	18.23	18.14	28.50	28.30
Net operating profit before deduction of income tax ¹	11.59	12.12	3.64	4.46

1. Proprietors' salaries included for unincorporated stores.

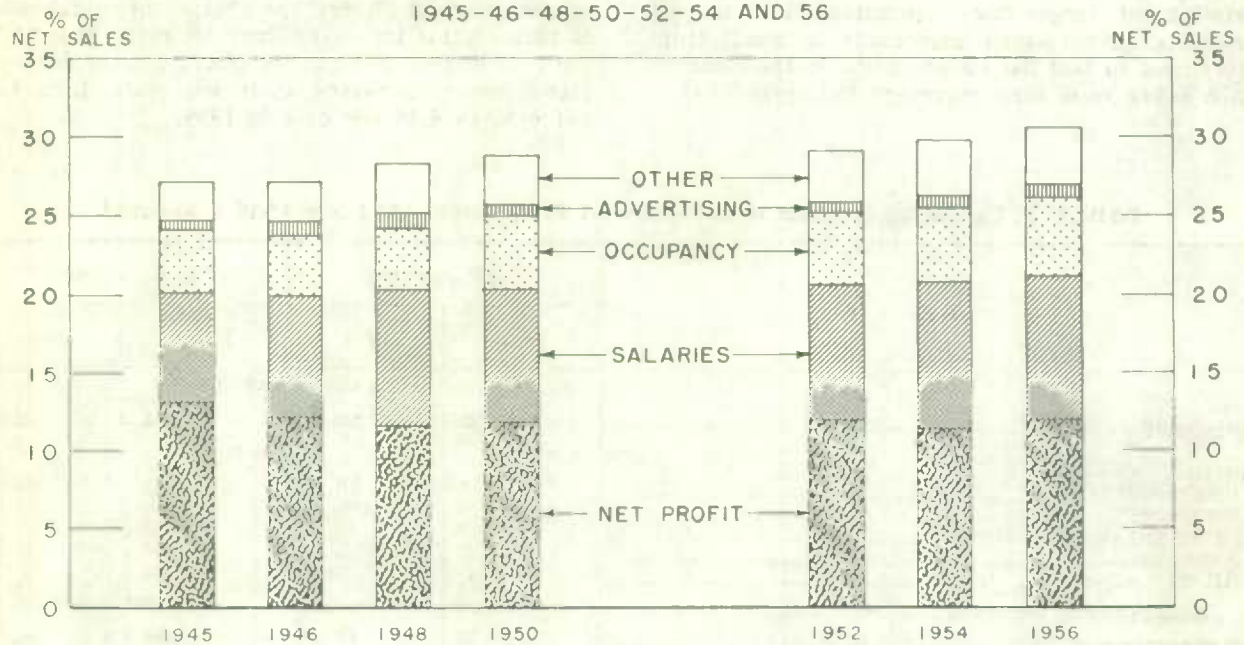
Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores. They do not agree with ratios shown in historical tables.

TABLE 2. Independent Drug Stores - Balance Sheet Ratios as at December 31

Item		Unincorporated		Incorporated	
		Owned	Rented	Owned	Rented
Current ratio	1948	2.32	3.63	—	4.05
	1950	4.13	3.87	4.36	3.73
	1952	3.97	3.68	—	3.85
	1954	3.52	4.36	3.98	3.32
	1956	4.20	3.78	4.04	3.50
Liquidity ratio	1952	1.36	1.32	—	1.43
	1954	1.06	1.48	1.46	1.13
	1956	1.47	1.09	1.51	1.18
Working capital to net worth ratio	1948	0.43	0.84	—	0.83
	1950	0.56	0.78	0.66	0.80
	1952	0.58	0.76	—	0.77
	1954	0.53	0.78	0.63	0.78
	1956	0.53	0.74	0.63	0.79
Worth debt ratio	1948	2.38	2.56	—	2.56
	1950	2.94	2.70	2.63	2.38
	1952	3.13	2.68	—	2.99
	1954	3.04	2.91	2.09	2.00
	1956	3.05	2.17	2.27	2.15
Turnover of total capital employed	1952	1.90	2.64	—	2.31
	1954	1.91	2.60	1.49	2.41
	1956	1.76	2.76	1.82	2.52

Note: Item definitions are shown on page 6.

COMPOSITION OF AVERAGE GROSS PROFIT
DRUG STORES, UNINCORPORATED
1945-46-48-50-52-54 AND 56



COMPOSITION OF AVERAGE GROSS PROFIT
DRUG STORES, INCORPORATED
1945-46-48-50-52-54 AND 56

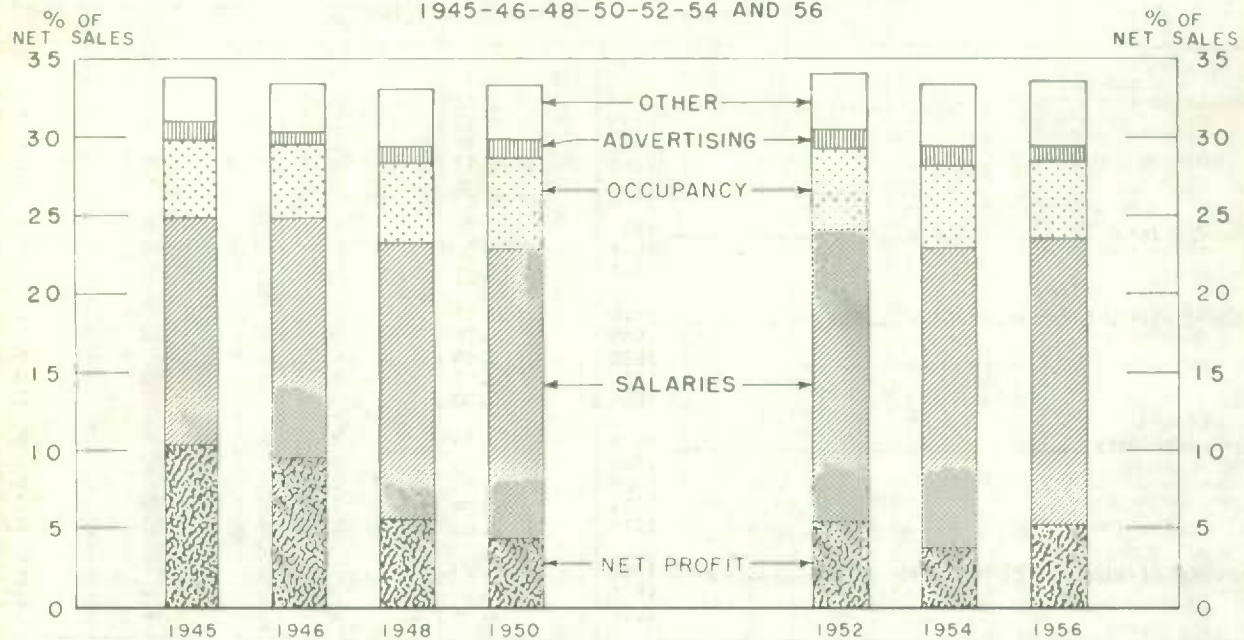


TABLE 3. Independent Drug Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis, 1956

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 - \$19,999	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over	\$10,000 - \$19,999	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over
Number of stores reporting	27	78	71	27	10	85	174	45
Average net sales per store	15,961	36,332	67,380	130,443	17,108	37,375	70,262	131,578
Average beginning inventory	4,870	9,427	13,362	19,470	5,324	8,038	13,324	22,715
Average inventory, end of year	4,936	9,567	13,685	20,725	5,383	8,419	13,977	24,207
Average cost of goods sold	11,527	25,933	47,472	90,379	11,697	26,287	48,355	89,734
Stock turnover (times per year)	2.35	2.73	3.51	4.50	2.18	3.19	3.54	3.82
Profit and Loss Data (Per cent of net sales)								
Gross profit	27.78	28.62	29.55	30.71	31.63	29.67	31.18	31.80
Operating expenses:								
Executives' and employees' salaries and wages, etc. (except delivery)	2.21	6.65	9.83	10.47	3.16	6.78	9.53	10.38
Delivery	0.59	0.93	0.84	1.99	0.93	1.02	1.23	1.44
Occupancy expenses:								
Taxes	1.57	0.93	0.74	0.55	0.78	0.44	0.33	0.23
Insurance	0.86	0.66	0.54	0.42	0.51	0.50	0.49	0.41
Rent	—	—	—	—	6.70	3.02	2.61	2.23
Heat, light and power	1.80	1.17	0.91	0.64	1.00	0.83	0.64	0.51
Repairs and maintenance	0.79	0.81	0.59	0.65	0.51	0.46	0.53	0.56
Depreciation allowances	1.02	1.31	1.49	1.18	0.39	0.84	0.91	0.76
Total occupancy expenses	6.04	4.88	4.27	3.44	9.89	6.09	5.51	4.70
Office and store supplies	0.43	0.60	0.61	0.77	0.66	0.44	0.56	0.44
Advertising	0.43	0.62	0.84	0.97	0.33	0.77	0.85	0.92
Net loss on bad debts	0.10	0.08	0.04	0.09	0.12	0.05	0.06	0.09
All other expenses	1.83	1.80	1.82	1.51	1.60	1.75	1.85	1.62
Total operating expenses	11.63	15.56	18.25	19.24	16.69	16.90	19.61	19.59
Net operating profit	16.15	13.06	11.30	11.47	14.94	12.77	11.57	12.21
Non-trading income	1.55	1.69	1.02	1.26	0.86	0.56	0.49	0.61
Non-trading expense	0.03	0.58	0.13	0.15	—	0.12	0.04	—
Net profit before deduction of proprietors' salaries and income tax	17.67	14.17	12.19	12.58	15.80	13.21	12.02	12.82

TABLE 4. Independent Drug Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of						Total all sizes \$20,000 and over	
	\$20,000 - \$49,999			\$50,000 - \$99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank	2,212	2,194	2,199	3,115	3,279	3,235	11,676	4,032
Accounts and notes receivable (net)	517	530	627	875	977	949	1,639	863
Merchandise inventory	9,305	9,691	9,592	15,427	13,182	13,792	20,415	12,898
Other current assets	1,419	2,836	2,472	735	674	691	4,387	2,042
Total current assets	13,453	15,251	14,790	20,152	18,112	18,667	38,117	19,835
Fixed assets (net):								
Used in the business	10,796	8,167	8,841	19,214	12,514	14,332	23,738	13,276
Not used in the business	2,135	1,956	2,002	791	2,017	1,684	2,928	2,013
Total fixed assets (net)	12,931	10,123	10,843	20,005	14,531	16,016	26,666	15,289
Other assets:								
Long term investments	602	2,963	2,357	168	868	678	4,470	1,997
Other assets	246	196	209	583	736	694	1,095	537
Total other assets	848	3,159	2,566	751	1,604	1,372	5,565	2,534
Total assets	27,232	28,533	28,199	40,908	34,247	36,055	70,348	37,658
Liabilities								
Current liabilities:								
Accounts and notes payable	2,421	2,364	2,378	5,852	5,007	5,237	10,372	4,723
Fixed liabilities:								
Mortgages on fixed assets used in business	3,100	963	1,510	5,262	1,489	2,513	2,254	2,025
Mortgages on fixed assets not used in business	889	60	273	237	—	64	—	148
Total fixed liabilities	3,989	1,023	1,783	5,499	1,489	2,577	2,254	2,173
Other liabilities	1,240	1,725	1,601	3,347	2,643	2,834	3,655	2,404
Total liabilities	7,650	5,112	5,762	14,698	9,139	10,648	16,281	9,300
Net worth: proprietor's or partners' equity in the business	19,582	23,421	22,437	26,210	25,108	25,407	54,067	28,358
Total liabilities and net worth	27,232	28,533	28,199	40,908	34,247	36,055	70,348	37,658
Average net sales of stores reporting	35,086	36,762	36,332	70,316	66,388	67,455	128,157	62,573
Number of stores reporting	20	58	78	19	51	70	26	174

TABLE 5. Independent Drug Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,854	2,616	2,277	2,689	3,970	3,404	6,122	4,387	5,196	3,368
Accounts and notes receivable (net)	440	546	499	987	1,319	1,173	1,885	3,577	2,787	1,234
Merchandise inventory	7,608	9,346	8,574	13,892	13,798	13,839	22,094	25,118	23,707	13,898
Other current assets	114	1,124	675	1,453	862	1,123	467	2,335	1,464	1,053
Total current assets	10,016	13,632	12,025	19,021	19,949	19,539	30,568	35,417	33,154	19,553
Fixed assets (net):										
Used in the business	2,395	2,219	2,298	3,931	3,123	3,480	5,835	4,680	5,219	3,421
Not used in the business	1,289	2,357	1,882	1,666	3,502	2,691	912	6,684	3,990	2,667
Total fixed assets (net)	3,684	4,576	4,180	5,597	6,625	6,171	6,747	11,364	9,209	6,088
Other assets:										
Long term investments	155	3,018	1,746	767	1,772	1,328	101	3,903	2,129	1,563
Other assets	877	674	764	1,720	784	1,198	2,376	461	1,354	1,103
Total other assets	1,032	3,692	2,510	2,487	2,556	2,526	2,477	4,364	3,483	2,666
Total assets	14,732	21,900	18,715	27,105	29,130	28,236	39,792	51,145	45,846	28,307
Liabilities										
Current liabilities:										
Accounts and notes payable	3,537	2,429	2,921	5,447	5,143	5,277	7,076	10,281	8,785	5,167
Fixed liabilities:										
Mortgages on fixed assets used in business	853	329	562	735	396	546	840	1,079	968	614
Mortgages on fixed assets not used in business	433	258	336	771	1,068	937	107	2,467	1,365	838
Total fixed liabilities	1,286	587	898	1,506	1,464	1,483	947	3,546	2,333	1,452
Other liabilities	2,232	1,866	2,029	4,118	851	2,295	2,963	2,929	2,945	2,320
Total liabilities	7,055	4,882	5,848	11,071	7,458	9,053	10,986	16,756	14,063	8,939
Net worth: proprietor's or partners' equity in the business	7,677	17,018	12,867	16,034	21,672	19,181	28,806	34,389	31,783	19,368
Total liabilities and net worth	14,732	21,900	18,715	27,105	29,130	28,236	39,792	51,145	45,846	28,307
Average net sales of stores reporting	38,479	37,123	37,726	68,339	71,740	70,237	127,072	135,520	131,578	70,663
Number of stores reporting	36	45	81	76	96	172	21	24	45	298

TABLE 6. Independent Drug Stores — Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of		Rented stores with annual net sales of		
	\$50,000-\$99,999	\$100,000 and over	\$29,000-\$49,999	\$50,000-\$99,999	\$100,000 and over
Number of stores reporting	13	12	16	38	50
Average net sales per store	\$ 77,716	147,224	40,898	74,021	170,554
Average beginning inventory	\$ 19,173	23,980	9,506	16,432	30,313
Average inventory, end of year	\$ 19,773	26,528	10,873	17,180	32,012
Average cost of goods sold	\$ 54,223	101,130	27,538	50,421	110,754
Stock turnover (times per year)	2.78	4.00	2.70	3.00	3.55
Profit and Loss Data (Per cent of net sales)					
Gross profit	30.23	31.31	32.67	31.88	35.06
Operating expenses:					
Executives' and employees' salaries and wages etc. (except delivery)	16.88	17.64	19.54	18.19	18.89
Delivery	0.50	0.72	1.21	0.74	1.65
Occupancy expenses:					
Taxes	0.71	0.49	0.33	0.34	0.25
Insurance	0.56	0.44	0.57	0.46	0.36
Rent	—	—	3.48	3.03	2.81
Heat, light and power	0.78	0.60	0.88	0.64	0.44
Repairs and maintenance	0.69	0.58	0.45	0.41	0.26
Depreciation allowances	1.16	1.11	1.24	0.97	0.70
Total occupancy expenses	3.90	3.22	6.95	5.85	4.82
Office and store supplies	0.43	0.59	0.57	0.60	0.56
Advertising	0.83	0.74	0.72	0.98	1.19
Net loss on bad debts	0.07	0.06	0.12	0.05	0.17
All other expenses	1.68	1.80	2.14	2.26	2.13
Total operating expenses	24.29	24.77	31.25	28.67	29.41
Net operating profit	5.94	6.54	1.42	3.21	5.65
Non-trading income	1.19	0.92	0.49	0.55	0.51
Non-trading expense	0.24	0.62	0.01	0.07	0.03
Net profit before provision for income tax	6.89	6.84	1.90	3.69	6.13



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TABLE 7. Independent Drug Stores — Owned — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of		Total all sizes \$50,000 and over
	\$50,000-\$99,999	\$100,000 and over	
(Average per store)			
Assets			
Current assets:			
Cash on hand and in bank	6,779	8,684	7,693
Accounts and notes receivable (net)	1,805	3,687	2,708
Merchandise inventory	19,773	26,528	23,016
Other current assets	5,099	1,372	3,310
Total current assets	33,456	40,271	36,727
Fixed assets (net):			
Used in the business	14,245	25,324	19,563
Not used in the business	2,400	2,369	2,385
Total fixed assets (net).....	16,645	27,693	21,948
Other assets:			
Long term investments	990	2,663	1,796
Other assets	4,299	1,827	3,112
Total other assets	5,289	4,490	4,908
Total assets	55,390	72,459	63,583
Liabilities			
Current liabilities:			
Accounts and notes payable	7,238	11,101	9,093
Fixed liabilities:			
Mortgages on fixed assets used in business	4,322	5,874	5,067
Mortgages on fixed assets not used in business	129	—	67
Total fixed liabilities	4,451	5,874	5,134
Other liabilities	4,562	5,949	5,227
Total liabilities	16,251	22,924	19,454
Net worth:			
Capital stock	15,055	14,397	14,739
Surplus and undivided profits	24,084	35,138	29,390
Total net worth	39,139	49,535	44,129
Total liabilities and net worth	55,390	72,459	63,583
Average net sales of stores reporting	77,716	147,224	111,060
Number of stores reporting	13	12	26

TABLE 8. Independent Drug Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000-\$99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank	2,338	2,560	5,511	4,036	7,362	11,494	9,639	6,478
Accounts and notes receivable (net)	1,374	1,750	2,177	1,963	4,679	6,326	5,586	3,617
Merchandise inventory	11,347	16,830	17,530	17,180	31,307	31,749	31,550	23,226
Other current assets	289	652	505	578	410	5,171	3,034	1,715
Total current assets	15,348	21,792	25,723	23,757	43,758	54,740	49,809	35,036
Fixed assets (net):								
Used in the business	2,669	3,545	3,009	3,277	7,344	4,209	5,616	4,311
Not used in the business	—	21	—	11	844	1,732	1,334	645
Total fixed assets (net)	2,669	3,566	3,009	3,288	8,188	5,941	6,950	4,956
Other assets:								
Long term investments	603	235	1,416	826	4,059	2,501	3,200	1,934
Other assets	1,981	2,213	1,441	1,927	13,194	2,978	7,565	4,606
Total other assets	2,584	2,448	2,857	2,653	17,253	5,479	10,765	6,540
Total assets	20,601	27,806	31,589	29,698	69,199	66,160	67,524	46,532
Liabilities								
Current liabilities:								
Accounts and notes payable	4,291	5,448	5,994	5,720	14,601	15,449	15,068	10,001
Fixed liabilities:								
Mortgages on fixed assets used in business	—	—	—	—	385	145	253	122
Mortgages on fixed assets not used in business	—	—	—	—	—	563	310	149
Total fixed liabilities	—	—	—	—	385	708	563	271
Other liabilities	2,367	5,890	3,197	4,544	8,181	2,689	5,155	4,517
Total liabilities	6,658	11,338	9,191	10,264	23,167	18,846	20,786	14,789
Net worth:								
Capital stock	8,391	9,958	11,392	10,176	26,876	11,860	18,601	13,959
Surplus and undivided profits	5,562	7,510	11,006	9,258	19,156	35,454	28,137	17,784
Total net worth	13,943	16,468	22,398	19,434	46,032	47,314	46,738	31,743
Total liabilities and net worth	20,601	27,806	31,589	29,698	69,199	66,160	67,524	46,532
Average net sales of stores reporting	42,191	74,809	73,233	74,021	172,278	169,210	170,588	115,730
Number of stores reporting	15	19	19	38	22	27	49	102