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TRIENNIAL



DRUG STORES (Independent)  
OPERATING RESULTS  
1965



The last issue of this report, formerly known as Operating Results and Financial Structure of Independent Drug Stores was for 1959. Previously Biennial, it is now Triennial.

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# DRUG STORES

(Independent)

## OPERATING RESULTS

1965

### INTRODUCTION

This report is the first of its kind since 1959. During the 1961 Census of Merchandising and Service Establishments, data were collected on gross profit ratios for retail trades and these are published in Table 20, Volume VI, Part 1, of the Census of Canada, 1961; the small bulletin containing Table 20 bears Catalogue No. 97-505. These publications are obtainable from the Queen's Printer, Ottawa.

It is the intention to survey drug stores (independent) reported on by the present bulletin every three years.

This report deals with profit and loss statistics, presented mainly in the form of percentage of net sales. Results are shown for sales-size groups in some instances. Balance sheet data are not presented.

The primary purpose of the operating results survey is to provide averages or ratios on the different phases of business operation against which firms in the same trade may make direct comparisons

with their own results. They also provide useful information to others interested in the cost of distribution of consumer goods.

Stores included in this classification are those selling mainly prescription drugs, patent medicines, drug sundries, cosmetics and toilet articles and preparations; tobacco, books, magazines and novelties may also be sold. Soft drinks and ice cream may be handled from a box cooler but the respondents to this survey did not operate soda fountains or lunch counters.

It should be mentioned that the data in Table 1 as well as the "total" column in Table 2 and Table 3 have been weighted in order to arrive at ratios which are representative of the trade as a whole. Weights are assigned to the ratios in each sales-size category according to its magnitude relative to total sales of the 1961 Census. Averages and ratios in the tables not indicated as being weighted represent the actual averages and ratios obtained from the reporting panel of firms in each cell.

### DRUG STORES (INDEPENDENT)

Financial data of 420 unincorporated businesses and 259 incorporated companies are included in this report. The gross profit for independent, unincorporated businesses was 32.68 per cent of net sales in 1965 compared with 31.58 per cent in 1959. It is of some interest to note that the gross profit as a percentage of net sales for drug stores revealed by the 1961 Census of Merchandising was 32.3 per cent. Gross profit ranged from 29.3 per cent in the case of Newfoundland to 33.8 per cent for British Columbia. The Census statistics pertain to all stores of this kind, independent as well as chain, and incorporated companies as well as unincorporated businesses. Salaries and wages, in 1965, for independent unincorporated drug stores excluding the pay for delivery employees, were 9.47 per cent of net sales compared with 8.84 per cent in 1959. Delivery expense was 2.11 per cent (1.06 per cent in 1959), occupancy expenses 5.36 per cent (5.36 per cent), office and store supplies 0.45 per cent (0.44 per cent) and all other expenses were 3.24 per cent (3.18 per cent), making total operating expenses 20.63 per cent in 1965 as against 18.88 per cent of net sales in 1959. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income,

was 12.05 per cent (12.70 per cent). Taking account of non-trading income and expense, net profit was 12.75 per cent of net sales compared with 13.57 per cent in 1959. In the detailed tables, there is a distinction made between stores with owned premises and stores with rented premises.

In the incorporated sector of the trade, for all companies the gross profit was 34.57 per cent of net sales compared with 32.98 per cent in 1959. Salaries and wages, excluding the pay for delivery employees were 17.84 per cent (19.00 per cent in 1959), delivery expense 1.66 per cent (1.00 per cent), occupancy expenses 5.29 per cent (5.59 per cent), office and store supplies 0.50 per cent (0.44 per cent), and all other expenses were 3.91 per cent (3.83 per cent) making total operating expenses 29.20 per cent of net sales in 1965 compared with 29.86 per cent in 1959. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 5.37 per cent (3.12 per cent in 1959). Taking account of non-trading income and expense, net profit was 6.43 per cent as against 3.80 per cent in 1959. In the detailed tables, there is a distinction made between companies with owned and companies with rented premises.

TABLE 1. Operating Results of Independent Drug Stores 1952 - 65

| Item  | Unincorporated          |              |              |              |              |
|---|-------------------------|--------------|--------------|--------------|--------------|
|   | 1952                    | 1954         | 1956         | 1959         | 1965         |
|   | percentage of net sales |              |              |              |              |
| <b>Gross profit</b> .....   | <b>28.94</b>            | <b>29.82</b> | <b>30.26</b> | <b>31.58</b> | <b>32.68</b> |
| Operating expenses:   |                         |              |              |              |              |
| Employees' salaries and wages (except delivery) ..  | 8.68                    | 9.20         | 8.62         | 8.84         | 9.47         |
| Occupancy.....  | 4.32                    | 4.77         | 5.19         | 5.36         | 5.36         |
| Office and store supplies.....  | 0.59                    | 0.62         | 0.56         | 0.44         | 0.45         |
| Advertising.....  | 0.74                    | 0.83         | 0.80         | 0.85         | 0.80         |
| All other expenses.....   | 2.66                    | 2.81         | 2.97         | 3.39         | 4.55         |
| <b>Total operating expenses</b> .....   | <b>16.99</b>            | <b>18.23</b> | <b>18.14</b> | <b>18.88</b> | <b>20.63</b> |
| <b>Net operating profit</b> before income tax and net non-trading income <sup>1</sup> ..... | <b>11.95</b>            | <b>11.59</b> | <b>12.12</b> | <b>12.70</b> | <b>12.05</b> |
|   | Incorporated            |              |              |              |              |
|   | 1952                    | 1954         | 1956         | 1959         | 1965         |
|   | percentage of net sales |              |              |              |              |
| <b>Gross profit</b> .....   | <b>33.42</b>            | <b>32.14</b> | <b>32.76</b> | <b>32.98</b> | <b>34.57</b> |
| Operating expenses:   |                         |              |              |              |              |
| Employees' salaries and wages (except delivery) ..  | 18.74                   | 18.53        | 18.37        | 19.00        | 17.84        |
| Occupancy .....   | 5.33                    | 5.16         | 5.13         | 5.59         | 5.29         |
| Office and store supplies.....  | 0.67                    | 0.64         | 0.57         | 0.44         | 0.50         |
| Advertising.....  | 1.05                    | 1.08         | 0.98         | 1.15         | 1.06         |
| All other expenses .....  | 3.04                    | 3.09         | 3.25         | 3.68         | 4.51         |
| <b>Total operating expenses</b> .....   | <b>28.83</b>            | <b>28.50</b> | <b>28.30</b> | <b>29.86</b> | <b>29.20</b> |
| <b>Net operating profit</b> before income tax and net non-trading income .....              | <b>4.59</b>             | <b>3.64</b>  | <b>4.46</b>  | <b>3.12</b>  | <b>5.37</b>  |

<sup>1</sup> Before proprietors' salaries in the case of unincorporated firms.

**Note:** These ratio's from 1952 to 1959 are "weighted" according to 1951 Census weights and for 1965 these are based on 1961 Census.

**TABLE 2. Drug Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy  
(Unincorporated Businesses), 1965**

| Item   | Owned stores with annual net sales of |                     |                       |                       |                       |                              |
|--|---------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|------------------------------|
|  | \$20,000-<br>29,999                   | \$30,000-<br>49,999 | \$50,000-<br>99,999   | \$100,000-<br>199,999 | \$200,000-<br>499,999 | Total                        |
| Number of businesses reporting.....                                      | 6                                     | 25                  | 73                    | 45                    | 3                     | 152                          |
| Average net sales per firm.....  | 25,721                                | 40,608              | 73,808                | 136,422               | 224,320               | 96,031                       |
| Average beginning inventory.....   | 7,651                                 | 11,361              | 15,373                | 23,233                | 26,226                | 17,730                       |
| Average inventory, end of year.....                                      | 7,848                                 | 11,283              | 16,131                | 25,052                | 28,908                | 18,806                       |
| Average cost of goods sold.....  | 18,944                                | 26,916              | 50,161                | 91,482                | 139,248               | 64,161                       |
| Stock turnover (times per year).....                                     | 2.44                                  | 2.38                | 3.18                  | 3.79                  | 5.05                  | 3.35                         |
| <b>Profit and loss data</b><br>(Per cent of net sales)                   |                                       |                     |                       |                       |                       |                              |
| Gross profit.....  | 26.35                                 | 33.72               | 32.04                 | 32.94                 | 37.93                 | 32.67                        |
| Operating expenses:  |                                       |                     |                       |                       |                       |                              |
| Employees' salaries and wages (except delivery).....                     | 2.67                                  | 4.74                | 8.70                  | 10.83                 | 13.48                 | 8.94                         |
| Delivery expenses (including salaries and wages).....                    | 0.16                                  | 1.60                | 1.54                  | 2.35                  | 3.17                  | 1.85                         |
| Occupancy expenses:  |                                       |                     |                       |                       |                       |                              |
| Taxes.....   | 1.58                                  | 1.36                | 0.87                  | 0.78                  | 1.23                  | 0.94                         |
| Insurance.....   | 0.68                                  | 0.77                | 0.69                  | 0.54                  | 0.61                  | 0.65                         |
| Rent.....  | —                                     | —                   | —                     | —                     | —                     | —                            |
| Heat, light and power.....   | 1.61                                  | 1.24                | 0.86                  | 0.75                  | 0.88                  | 0.90                         |
| Repairs and maintenance.....   | 0.40                                  | 0.96                | 0.62                  | 0.49                  | 0.96                  | 0.63                         |
| Depreciation allowances.....   | 1.19                                  | 1.38                | 1.32                  | 1.41                  | 3.42                  | 1.45                         |
| Total occupancy expenses.....  | 5.46                                  | 5.71                | 4.36                  | 3.97                  | 7.10                  | 4.57                         |
| Office and store supplies.....   | 0.28                                  | 0.43                | 0.45                  | 0.58                  | 0.72                  | 0.50                         |
| Advertising.....   | 0.56                                  | 0.53                | 0.83                  | 0.78                  | 1.75                  | 0.81                         |
| Net loss on bad debts.....   | 0.04                                  | 0.07                | 0.13                  | 0.18                  | —                     | 0.13                         |
| All other expenses.....  | 2.06                                  | 3.23                | 3.04                  | 2.47                  | 2.76                  | 2.84                         |
| Total operating expenses.....  | 11.23                                 | 16.31               | 19.05                 | 21.16                 | 28.98                 | 19.64                        |
| Net operating profit.....  | 15.12                                 | 17.41               | 12.99                 | 11.78                 | 8.95                  | 13.03                        |
| Non-trading income.....  | 0.31                                  | 0.70                | 1.48                  | 1.09                  | 3.15                  | 1.30                         |
| Non-trading expense.....   | 0.08                                  | 0.04                | 0.22                  | 0.21                  | —                     | 0.18                         |
| Net profit before deduction of proprietors' salaries and income tax..... | 15.35                                 | 18.07               | 14.25                 | 12.66                 | 12.10                 | 14.15                        |
| Rented stores with annual net sales of                                   |                                       |                     |                       |                       |                       | Total<br>owned and<br>rented |
|  | \$30,000-<br>49,999                   | \$50,000-<br>99,999 | \$100,000-<br>199,999 | \$200,000-<br>499,999 | \$500,000-<br>999,999 |                              |
| Number of businesses reporting.....                                      | 22                                    | 114                 | 104                   | 25                    | 3                     | 268                          |
| Average net sales per firm.....  | 40,031                                | 73,600              | 135,789               | 284,915               | 687,554               | 106,087                      |
| Average beginning inventory.....   | 10,490                                | 14,813              | 23,647                | 39,269                | 94,888                | 18,969                       |
| Average inventory, end of year.....                                      | 10,384                                | 15,415              | 25,196                | 42,883                | 92,522                | 20,123                       |
| Average cost of goods sold.....  | 27,612                                | 48,757              | 92,320                | 198,236               | 439,102               | 71,523                       |
| Stock turnover (times per year).....                                     | 2.65                                  | 3.25                | 3.78                  | 4.83                  | 4.69                  | 3.46                         |
| <b>Profit and loss data</b><br>(Per cent of net sales)                   |                                       |                     |                       |                       |                       |                              |
| Gross profit.....  | 31.02                                 | 33.75               | 32.01                 | 30.42                 | 36.13                 | 32.68                        |
| Operating expenses:  |                                       |                     |                       |                       |                       |                              |
| Employees' salaries and wages (except delivery).....                     | 6.00                                  | 9.73                | 10.38                 | 10.87                 | 15.08                 | 9.47                         |
| Delivery expenses (including salaries and wages).....                    | 1.76                                  | 2.18                | 2.42                  | 2.30                  | 4.07                  | 2.11                         |
| Occupancy expenses:  |                                       |                     |                       |                       |                       |                              |
| Taxes.....   | 0.68                                  | 0.40                | 0.30                  | 0.34                  | 0.57                  | 0.58                         |
| Insurance.....   | 0.64                                  | 0.54                | 0.57                  | 0.47                  | 0.84                  | 0.58                         |
| Rent.....  | 3.75                                  | 2.86                | 2.48                  | 3.21                  | 4.56                  | 1.88                         |
| Heat, light and power.....   | 0.92                                  | 0.60                | 0.56                  | 0.48                  | 0.68                  | 0.70                         |
| Repairs and maintenance.....   | 0.35                                  | 0.46                | 0.54                  | 0.49                  | 0.86                  | 0.53                         |
| Depreciation allowances.....   | 0.36                                  | 0.91                | 1.06                  | 0.83                  | 1.00                  | 1.09                         |
| Total occupancy expenses.....  | 6.70                                  | 5.77                | 5.51                  | 5.82                  | 8.51                  | 5.36                         |
| Office and store supplies.....   | 0.33                                  | 0.46                | 0.43                  | 0.28                  | 0.26                  | 0.45                         |
| Advertising.....   | 0.57                                  | 0.79                | 0.88                  | 0.76                  | 1.70                  | 0.80                         |
| Net loss on bad debts.....   | 0.04                                  | 0.06                | 0.05                  | 0.03                  | —                     | 0.08                         |
| All other expenses.....  | 1.84                                  | 2.10                | 2.24                  | 1.80                  | 2.37                  | 2.36                         |
| Total operating expenses.....  | 17.24                                 | 21.09               | 21.91                 | 21.86                 | 31.99                 | 20.63                        |
| Net operating profit.....  | 13.78                                 | 12.66               | 10.10                 | 8.56                  | 4.14                  | 12.05                        |
| Non-trading income.....  | 0.69                                  | 0.60                | 0.50                  | 0.80                  | 0.96                  | 0.83                         |
| Non-trading expense.....   | 0.34                                  | 0.12                | 0.04                  | 0.12                  | —                     | 0.13                         |
| Net profit before deduction of proprietors' salaries and income tax..... | 14.13                                 | 13.14               | 10.56                 | 9.24                  | 5.10                  | 12.75                        |



**TABLE 3. Drug Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy  
(Incorporated Companies), 1965**

| Item   | Owned stores with annual net sales of |                       |                       |                       |                       |                              |
|--|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|
|  | \$30,000-<br>99,999                   | \$100,000-<br>199,999 | \$200,000-<br>499,999 | Total                 |                       |                              |
| Number of businesses reporting.....                    | 8                                     | 16                    | 3                     | 27                    |                       |                              |
| Average net sales per firm.....                        | 64,892                                | 130,797               | 266,859               | 146,552               |                       |                              |
| Average beginning inventory.....                       | 15,455                                | 26,553                | 79,001                | 36,489                |                       |                              |
| Average inventory, end of year.....                    | 15,661                                | 26,835                | 80,067                | 36,944                |                       |                              |
| Average cost of goods sold.....                        | 42,962                                | 84,372                | 173,358               | 95,133                |                       |                              |
| Stock turnover (times per year).....                   | 2.76                                  | 3.16                  | 2.18                  | 2.81                  |                       |                              |
| <b>Profit and loss data</b><br>(Per cent of net sales) |                                       |                       |                       |                       |                       |                              |
| Gross profit.....                                      | 33.79                                 | 35.49                 | 35.04                 | 34.92                 |                       |                              |
| Operating expenses:                                    |                                       |                       |                       |                       |                       |                              |
| Employees' salaries and wages (except delivery).....   | 19.11                                 | 18.71                 | 15.77                 | 18.09                 |                       |                              |
| Delivery expenses (including salaries and wages).....  | 1.38                                  | 0.76                  | 0.22                  | 0.79                  |                       |                              |
| Occupancy expenses:                                    |                                       |                       |                       |                       |                       |                              |
| Taxes.....   | 0.79                                  | 0.98                  | 0.72                  | 0.86                  |                       |                              |
| Insurance.....   | 0.50                                  | 0.49                  | 0.37                  | 0.46                  |                       |                              |
| Rent.....  | —                                     | —                     | —                     | —                     |                       |                              |
| Heat, light and power.....                             | 0.79                                  | 0.97                  | 0.53                  | 0.82                  |                       |                              |
| Repairs and maintenance.....                           | 0.38                                  | 0.53                  | 0.12                  | 0.39                  |                       |                              |
| Depreciation allowances.....                           | 1.61                                  | 2.04                  | 0.88                  | 1.65                  |                       |                              |
| <b>Total occupancy expenses.....</b>                   | <b>4.07</b>                           | <b>5.01</b>           | <b>2.62</b>           | <b>4.16</b>           |                       |                              |
| Office and store supplies.....                         | 0.53                                  | 0.41                  | 0.26                  | 0.41                  |                       |                              |
| Advertising.....                                       | 0.48                                  | 0.94                  | 1.69                  | 1.00                  |                       |                              |
| Net loss on bad debts.....                             | 0.13                                  | 0.17                  | 0.31                  | 0.19                  |                       |                              |
| All other expenses.....                                | 2.26                                  | 4.33                  | 3.65                  | 3.60                  |                       |                              |
| <b>Total operating expenses.....</b>                   | <b>27.96</b>                          | <b>30.33</b>          | <b>24.52</b>          | <b>28.26</b>          |                       |                              |
| <b>Net operating profit.....</b>                       | <b>5.83</b>                           | <b>5.16</b>           | <b>10.52</b>          | <b>6.66</b>           |                       |                              |
| Non-trading income.....                                | 1.38                                  | 2.37                  | —                     | 1.52                  |                       |                              |
| Non-trading expense.....                               | —                                     | 0.23                  | 0.02                  | 0.12                  |                       |                              |
| <b>Net profit before provision for income tax.....</b> | <b>7.21</b>                           | <b>7.30</b>           | <b>10.50</b>          | <b>8.96</b>           |                       |                              |
| <b>Rented stores with annual net sales of</b>          |                                       |                       |                       |                       |                       |                              |
|  | \$30,000-<br>49,999                   | \$50,000-<br>99,999   | \$100,000-<br>199,999 | \$200,000-<br>499,999 | \$500,000-<br>999,999 | Total<br>owned and<br>rented |
| Number of businesses reporting.....                    | 4                                     | 49                    | 117                   | 57                    | 5                     | 232                          |
| Average net sales per firm.....                        | 38,367                                | 74,858                | 138,112               | 286,756               | 614,975               | 159,590                      |
| Average beginning inventory.....                       | 8,762                                 | 19,698                | 29,129                | 48,243                | 103,662               | 33,067                       |
| Average inventory, end of year.....                    | 10,293                                | 19,393                | 29,529                | 50,800                | 97,651                | 33,677                       |
| Average cost of goods sold.....                        | 24,461                                | 49,060                | 90,605                | 187,955               | 394,309               | 104,314                      |
| Stock turnover (times per year).....                   | 2.57                                  | 2.51                  | 3.09                  | 3.80                  | 3.92                  | 2.94                         |
| <b>Profit and loss data</b><br>(Per cent of net sales) |                                       |                       |                       |                       |                       |                              |
| Gross profit.....                                      | 36.25                                 | 34.46                 | 34.40                 | 34.45                 | 35.88                 | 34.48                        |
| Operating expenses:                                    |                                       |                       |                       |                       |                       |                              |
| Employees' salaries and wages (except delivery).....   | 20.99                                 | 18.10                 | 17.27                 | 18.18                 | 19.11                 | 17.84                        |
| Delivery expenses (including salaries and wages).....  | 1.40                                  | 2.05                  | 1.92                  | 1.74                  | 1.91                  | 1.66                         |
| Occupancy expenses:                                    |                                       |                       |                       |                       |                       |                              |
| Taxes.....   | 0.71                                  | 0.41                  | 0.36                  | 0.37                  | 0.49                  | 0.48                         |
| Insurance.....   | 0.63                                  | 0.55                  | 0.38                  | 0.31                  | 0.49                  | 0.42                         |
| Rent.....  | 5.47                                  | 3.78                  | 2.60                  | 2.91                  | 3.13                  | 2.35                         |
| Heat, light and power.....                             | 0.63                                  | 0.73                  | 0.57                  | 0.52                  | 0.49                  | 0.65                         |
| Repairs and maintenance.....                           | 0.45                                  | 0.34                  | 0.30                  | 0.33                  | 0.30                  | 0.34                         |
| Depreciation allowances.....                           | 1.48                                  | 0.76                  | 0.94                  | 0.90                  | 0.48                  | 1.05                         |
| <b>Total occupancy expenses.....</b>                   | <b>9.37</b>                           | <b>6.57</b>           | <b>5.15</b>           | <b>5.34</b>           | <b>5.38</b>           | <b>5.29</b>                  |
| Office and store supplies.....                         | 0.35                                  | 0.58                  | 0.50                  | 0.55                  | 0.42                  | 0.50                         |
| Advertising.....                                       | 0.19                                  | 1.18                  | 1.02                  | 1.20                  | 0.91                  | 1.06                         |
| Net loss on bad debts.....                             | 0.31                                  | 0.11                  | 0.12                  | 0.09                  | 0.08                  | 0.13                         |
| All other expenses.....                                | 2.81                                  | 2.92                  | 2.32                  | 2.36                  | 3.04                  | 2.72                         |
| <b>Total operating expenses.....</b>                   | <b>35.42</b>                          | <b>31.51</b>          | <b>28.30</b>          | <b>29.46</b>          | <b>30.91</b>          | <b>29.20</b>                 |
| <b>Net operating profit.....</b>                       | <b>0.83</b>                           | <b>2.95</b>           | <b>6.10</b>           | <b>4.99</b>           | <b>4.97</b>           | <b>5.28</b>                  |
| Non-trading income.....                                | 4.04                                  | 1.56                  | 1.06                  | 0.97                  | 0.48                  | 1.27                         |
| Non-trading expense.....                               | —                                     | 0.45                  | 0.14                  | 0.27                  | 0.03                  | 0.21                         |
| <b>Net profit before provision for income tax.....</b> | <b>4.87</b>                           | <b>4.06</b>           | <b>7.02</b>           | <b>5.69</b>           | <b>5.42</b>           | <b>6.43</b>                  |

## 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 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, and transportation costs from warehouse to stores.

**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, commissions and bonuses (except delivery)** — payments to employees before deduction of income tax or unemployment insurance, etc. Included are salaries paid to executives of incorporated firms. Proprietors' salaries or withdrawals are included in "net operating profit" for unincorporated store operations.

**Employees' benefits** — contributions made towards employees' pensions, unemployment insurance, hospitalization and other staff benefits. (Excludes employees' own contributions.)

**Occupancy** — the cost of maintaining and occupying a place of business and includes property taxes, insurance, heat, light and power, repairs and maintenance, depreciation, mortgage interest on owned real estate and rental expense on rented premises.

**Taxes and licences** — excluding property taxes.

**Insurance** — premiums for insurance policies carried to protect the business, covering furniture and fixtures and inventories but excluding real estate insurance and insurance on delivery equipment.

**Repairs and maintenance** — costs incurred to keep fixtures and equipment operating efficiently. (Excludes capital expenditure and delivery.)

**Depreciation** — allowances on fixtures and equipment (except delivery).

**Supplies** — wrapping paper, twine, store and office supplies, etc.

**Advertising** — displays, window dressing and sales promotion.

**Travelling** — all travelling expense including buying.

**Communication** — telephone, telegraph and postage.

**Delivery** — 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.), all other costs from stores to customers including amounts paid for contract delivery.

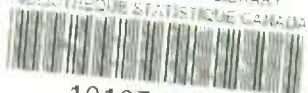
**Bad debt loss** — amount written off or reserve provided for during the current year.

**All other operating expenses** — bank charges, legal, auditing and collection fees, etc.

**Non-trading income** — interest earned, net revenues from rentals, financial charges, delivery charges made to customers and bad debts recovered, revenues from investments and other non-trading activities.

**Non-trading expense** — interest expense and any other expenses not pertaining to the business.

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