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T. Johnston

(b)

GOVERNMENT OF CANADA



OPERATING RESULTS
AND
FINANCIAL STRUCTURE
MISCELLANEOUS RETAIL STORES
1948



DOMINION BUREAU OF STATISTICS
DEPARTMENT OF TRADE AND COMMERCE

Includes Independent:

COUNTRY GENERAL STORES

RESTAURANTS

FUEL DEALERS

DRUG STORES

JEWELLERY STORES

TOBACCO STORES

Published by Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared in the Merchandising and Services Section
of the Industry and Merchandising Division,
Dominion Bureau of Statistics, Ottawa

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FACSIMILE OF SCHEDULE

4. PROFIT AND LOSS STATEMENT <small>MERCHANDISING STATEMENT</small>	<small>DOLLARS ONLY CENTS</small>																		
1. TOTAL NET SALES OR RECEIPTS (INCLUDE ALL MERCHANDISE LESS ALLOWANCES; INCLUDE VALUE OF GOODS SOLD ON A COMMISSION BASIS, MEALS SOLD OR CONSUMED, SERVICE RECEIPTS, AND PROPRIETORS' WITHDRAWALS OF GOODS FOR THEIR OWN USE AT RETAIL PRICES! DO NOT INCLUDE DIRECT SALES TAXES AND NON-TRADING REVENUES, SUCH AS RECEIPTS, DIVIDENDS, RENT, BAD DEBTS RECOVERED, ETC.)																			
2. INVENTORY OF MERCHANDISE FOR RESALE BEGINNING OF YEAR. (EXCLUDE STORE SUPPLIES ON HAND.)																			
3. MERCHANDISE PURCHASED FOR RESALE AT INVOICED VALUE, LESS RETURNS, ALLOWANCES, CASH AND TRADE DISCOUNTS. (INCLUDE DUTY, INWARD FREIGHT, EXPRESS AND TRUCKAGE. EXCLUDE STORE SUPPLIES SHOWN UNDER ITEM 16.)																			
4. TOTAL, BEGINNING INVENTORY AND MERCHANDISE PURCHASED (ADD ITEMS 2 AND 3)																			
5. INVENTORY OF MERCHANDISE FOR RESALE, END OF YEAR. (EXCLUDE STORE SUPPLIES ON HAND.)																			
6. COST OF MERCHANDISE SOLD (SUBTRACT ITEM 5 FROM ITEM 4)																			
7. GROSS TRADING PROFIT OR MARGIN (SUBTRACT ITEM 6 FROM ITEM 1)																			
EXPENSE STATEMENT	<small>DOLLARS ONLY CENTS</small>																		
8. SALARIES, WAGES AND COMMISSIONS PAID TO ALL EMPLOYEES, EXCEPT DELIVERY (REPORT FULL AMOUNT BEFORE PAYROLL DEDUCTIONS. DO NOT INCLUDE WITHDRAWALS BY PROPRIETORS OR PARTNERS OF UNINCORPORATED BUSINESS.)																			
9. TAXES (INCLUDE BUSINESS, PROPERTY AND WATER TAXES, AND LICENCES. DO NOT INCLUDE INCOME TAX AND DIRECT TAXES COLLECTED BY THE STORE FOR THE GOVERNMENT.)																			
10. INSURANCE (INSURANCE PREMIUMS APPLICABLE TO YEAR REFER TO ALL TYPES CARRIED FOR PROTECTION OF THE BUSINESS.)																			
11. RENTALS FOR PREMISES USED IN BUSINESS.																			
12. HEAT, LIGHT AND POWER USED IN YEAR.																			
13. DELIVERY EQUIPMENT EXPENSE																			
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 10%; text-align: center;">(a) OWN</td> <td style="width: 50%; border-bottom: 1px solid black;">SALARIES</td> </tr> <tr> <td></td> <td></td> <td style="border-bottom: 1px solid black;">REPAIRS AND MAINTENANCE</td> </tr> <tr> <td></td> <td></td> <td style="border-bottom: 1px solid black;">DEPRECIATION, LICENCES AND INSURANCE</td> </tr> <tr> <td></td> <td></td> <td style="border-bottom: 1px solid black;">SUPPLIES USED (GAS, OIL, GREASE)</td> </tr> <tr> <td></td> <td></td> <td style="border-bottom: 1px solid black;">TOTAL AMOUNT PAID FOR CONTRACT DELIVERY</td> </tr> <tr> <td></td> <td></td> <td style="border-bottom: 1px solid black;">TOTAL DELIVERY EXPENSE</td> </tr> </table>		(a) OWN	SALARIES			REPAIRS AND MAINTENANCE			DEPRECIATION, LICENCES AND INSURANCE			SUPPLIES USED (GAS, OIL, GREASE)			TOTAL AMOUNT PAID FOR CONTRACT DELIVERY			TOTAL DELIVERY EXPENSE	
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		REPAIRS AND MAINTENANCE																	
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		SUPPLIES USED (GAS, OIL, GREASE)																	
		TOTAL AMOUNT PAID FOR CONTRACT DELIVERY																	
		TOTAL DELIVERY EXPENSE																	
14. REPAIRS AND MAINTENANCE (EXCLUDE CAPITAL EXPENDITURES)																			
15. DEPRECIATION ALLOWANCES (PLEASE SEE FOOTNOTE ON PAGE 1.) IF YOUR FIXED STORE ASSETS HAVE BEEN ENTIRELY DEPRECIATED, ENTER "NIL."																			
16. STORE SUPPLIES (WRAPPING PAPER, TWINE, OFFICE SUPPLIES, ETC.)																			
17. ADVERTISING																			
18. LOSS ON BAD DEBTS DURING THE YEAR																			
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 20%; text-align: center;">AMOUNT WRITTEN OFF DURING YEAR</td> <td style="width: 40%; border-bottom: 1px solid black;"></td> </tr> <tr> <td></td> <td style="text-align: center;">LESS AMOUNT RECOVERED</td> <td style="border-bottom: 1px solid black;"></td> </tr> <tr> <td></td> <td style="text-align: center;">TOTAL NET LOSS ON BAD DEBTS</td> <td style="border-bottom: 1px solid black;"></td> </tr> </table>		AMOUNT WRITTEN OFF DURING YEAR			LESS AMOUNT RECOVERED			TOTAL NET LOSS ON BAD DEBTS											
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	TOTAL NET LOSS ON BAD DEBTS																		
19. ALL OTHER EXPENSES (TELEPHONE, TELEGRAPH, POSTAGE, BANK CHARGES, INTEREST ON BORROWED MONEY USED IN THE BUSINESS, LEGAL, AUDIT FEES, ETC.) (DO NOT INCLUDE CAPITAL EXPENDITURE OR PROPRIETORS' OR PARTNERS' SALARIES OR WITHDRAWALS.)																			
20. TOTAL OPERATING EXPENSES (ADD ITEMS 8 TO 19 INCLUSIVE)																			
NET TRADING PROFIT	<small>DOLLARS ONLY CENTS</small>																		
21. NET TRADING PROFIT BEFORE DEDUCTIONS OF PROPRIETORS' OR PARTNERS' SALARIES OR WITHDRAWALS AND BEFORE INCOME TAXES.																			
5. WORKING PROPRIETORS, PARTNERS AND PAID EMPLOYEES																			
<p style="font-size: small; margin: 0;">A WORKING PROPRIETOR HAS BOTH AN OWNERSHIP INTEREST IN THE BUSINESS AND SPENDS PART OR ALL OF HIS OR HER TIME IN THE MANAGEMENT.</p> <p style="font-size: small; margin: 0;">NOTE: EMPLOYEES WORKING FOR ONLY PART OF THE REGULAR AND NORMAL PAY PERIOD ARE PART-TIME EMPLOYEES. IF BUSINESS IS INCORPORATED, WORKING EXECUTIVES AND OFFICIALS SHOULD BE INCLUDED IN SECTION 4, ITEM 8.</p>																			
1. TOTAL SALARIES OR WITHDRAWALS OF PROPRIETORS OR PARTNERS IN 1948																			
2. WHAT WAS THE AVERAGE NUMBER OF PAID EMPLOYEES IN 1948?																			
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 60%; text-align: center;">FULL-TIME EMPLOYEES</td> </tr> <tr> <td></td> <td style="text-align: center;">PART-TIME EMPLOYEES</td> </tr> </table>		FULL-TIME EMPLOYEES		PART-TIME EMPLOYEES															
	FULL-TIME EMPLOYEES																		
	PART-TIME EMPLOYEES																		

6. BALANCE SHEET FOR YEAR 1948 DOLLARS UNIT CENTS

CASH ON HAND OR IN BANK _____

CURRENT ASSETS

(A) ACCOUNTS AND NOTES RECEIVABLE _____

(B) RESERVE FOR DOUBTFUL ACCOUNTS _____

TOTAL ACCOUNTS RECEIVABLE
(PER BALANCE SHEET) (A LESS B) _____

MERCHANDISE INVENTORIES _____

OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.) _____

FIXED ASSETS

(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT _____

(B) RESERVE FOR DEPRECIATION _____

TOTAL FIXED ASSETS
(A LESS B) _____

OTHER ASSETS

GOODWILL, DEFERRED CHARGES, SINKING FUNDS _____

TOTAL ASSETS

LIABILITIES

CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE _____

OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME _____

NET WORTH

CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHAREHOLDERS' EQUITY) _____

SURPLUS ACCOUNT _____

TOTAL LIABILITIES AND NET WORTH

BALANCE SHEET FOR YEAR 1947 DOLLARS UNIT CENTS

CASH ON HAND OR IN BANK _____

CURRENT ASSETS

(A) ACCOUNTS AND NOTES RECEIVABLE _____

(B) RESERVE FOR DOUBTFUL ACCOUNTS _____

TOTAL ACCOUNTS RECEIVABLE
(PER BALANCE SHEET) (A LESS B) _____

MERCHANDISE INVENTORIES _____

OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.) _____

FIXED ASSETS

(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT _____

(B) RESERVE FOR DEPRECIATION _____

TOTAL FIXED ASSETS
(A LESS B) _____

OTHER ASSETS

GOODWILL, DEFERRED CHARGES, SINKING FUNDS _____

TOTAL ASSETS

LIABILITIES

CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE _____

OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME _____

NET WORTH

CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHAREHOLDERS' EQUITY) _____

SURPLUS ACCOUNT _____

TOTAL LIABILITIES AND NET WORTH

7. ANNUAL SALES TRENDS DOLLARS UNIT CENTS

IN ORDER TO PROVIDE COMPARABLE FIGURES FROM YEAR TO YEAR, PLEASE STATE YOUR TOTAL SALES. (SALES FOR 1948 SHOULD AGREE WITH AMOUNT GIVEN IN SECTION 6, ITEM 1)

TOTAL SALES FOR 1948 _____

TOTAL SALES FOR 1947 _____

THE INFORMATION GIVEN ON THIS SCHEDULE IS CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

NAME OF FIRM _____

DATE OF REPORT _____ SIGNATURE _____

PERIOD COVERED FROM _____ TO _____

DEFINITIONS

PROFIT AND LOSS

NET SALES represent 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.

GROSS PROFIT is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) - paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit (in independent store operations).

Taxes and Insurance - business, property and water taxes, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals - monies paid for premises used only in the business.

Heat, light and power expenses - amount paid for these used during the year.

Delivery expense - 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.).

Repairs and maintenance - incurred for the purposes of keeping fixed store assets operating efficiently (excludes capital expenditure).

Depreciation - allowances to cover decreases in the value of fixed store assets.

Store supplies - used in the business during the year - wrapping paper, office supplies.

Advertising

Loss on bad debts - during the year - amount written off
Less old debts recovered.

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

NET PROFIT is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise sold.

BALANCE SHEET

ASSETS

Cash on hand - or in the bank represents the amount of cash at the end of the year.

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

Merchandise inventories - represents 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 prepaid insurance, office and store supplies, Dominion of Canada Bonds.

Fixed assets (net) - is the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation.

Other assets - include deferred charges - items of expenditure from which future benefits are expected - intangibles such as goodwill, investments of a permanent nature not readily converted into cash.

LIABILITIES AND NET WORTH

Current liabilities - are obligations which must be paid in the near future and represent accounts receivable or any item that may be considered as a direct lien against current assets.

Other liabilities - (includes fixed liabilities) - mortgages, mortgage bonds and long-term notes, accrued expenses such as taxes or rent due but not yet paid, and prepaid or deferred income - money received in advance for which goods or services have not yet been given.

Capital stock - as applicable to incorporated companies represents the investment account of the stockholder in the capital shares of the corporation and does not exceed the amount authorized.

Surplus - as applicable to corporations includes earned surplus from operating profits, capital surplus, from premiums received on the sale of capital stock, and surplus reserves.

Net worth - is the difference between total assets and total liabilities and represents owners' equity in the business. This is composed of capital stock and surplus.

Note: In unincorporated firms capital and surplus are not shown separately because the majority of reports from these firms did not separate surplus from capital. For practical purposes, then, net worth represents the capital of unincorporated businesses.

LIST OF ALLIED PUBLICATIONSANNUAL:

- Food Chains in Canada
- Variety Chains in Canada
- Drug Chains in Canada
- Retail Chains in Canada
- Retail Trade

QUARTERLY:

- Retail Consumer Credit

MONTHLY:

- Department Store Sales and Inventories
- Retail Trade
- Wholesale Trade

SPECIAL:

- Operating Results Series
 - Independent Stores - 5 bulletins,
20 trades (1948 survey includes
Balance Sheet data)
 - Wholesalers - 3 bulletins,
10 trades
 - Chain Stores - 3 bulletins,
10 trades

The above publications may be obtained by writing to the
Dominion Bureau of Statistics, Ottawa

OPERATING RESULTS AND FINANCIAL STRUCTURE MISCELLANEOUS RETAIL STORES, 1948

INTRODUCTION

This report continues the series of bulletins published in 1944, 1945 and 1946 on operating results in retail trade. It contains the operating results and financial structure of a group of Miscellaneous trades - country general stores, restaurants, fuel dealers, drug stores, jewellery stores and tobacco stores.. Country general stores were formerly included in the bulletin "Operating Results of Country General and Dry Goods Stores".

An important addition to the 1948 studies will be found in the analysis of Balance Sheet data of the responding firms. This provides information on the financial position of the various trades by size and occupancy groups. From this additional information, many useful ratios are made available such as those between balance sheet items, known as static ratios, and those obtained by relating the operating figures, known as velocity ratios.

These studies do not attempt to deal with methods of operation or their possible improvement, but present operating and financial statement 'averages' for independent retail trades by size and occupancy classes. Except for one trade no regional analysis has been made, the sample having been designed to produce national averages only.

In some trades the results of both unincorporated and incorporated businesses have been shown while in others the sample comprised only unincorporated stores. In the profit and loss section, the salaries figure for incorporated firms includes remuneration to executives, while for unincorporated stores, proprietors' withdrawals remained a part of net profit. In the balance sheet section, segregation of capital stock and surplus was possible for incorporated firms, but the majority of unincorporated firms reported the two items as one amount - net worth.

Chain stores are dealt with in a separate survey alternated each year with the studies on independent stores.

USE OF OPERATING AND FINANCIAL RATIOS

An orderly system of bookkeeping is essential if the best use is to be made of the ratios in this report. Reference should also be made to the list of definitions provided on pages 4 and 5 of this bulletin. Following are a few brief comments on both the Profit and Loss Statement and Balance Sheet results, illustrating the use and purposes of this study.

PROFIT AND LOSS

The retail merchant, reviewing his year's operations and planning improvements and economies in certain phases of his activities, may become aware of the following important questions:

1. What is an adequate profit for his line of business?
2. What amount of inventory should be carried and how many times a year should it be turned over?
3. What proportion of sales should be paid out in wages to employees?
4. What part of sales should be spent on other operating expenses?

This bulletin presents 'average' results for comparison purposes. All major profit and expense items are expressed as percentages of net sales. Where there was a sufficient number of responding firms, this information was broken down into five sales-size classes for owned and rented stores.

Certain refinements in expense items have been made by segregating delivery expense. In some trades, this item is shown separately while for others it is included with 'other' expenses. The components of this item were contained in certain other items in previous bulletins. This has had an effect on comparisons with expenses shown for previous years in earlier bulletins of this series.

BALANCE SHEET

The financial effects of changes in operating plans and policies may be observed by comparison of balance sheets for succeeding years. As this is the first study made by this Bureau on Balance Sheet data we can present only the item averages as they stood at the end of 1948. These averages and ratios, however, should be of considerable value as an indication of what a merchant's own financial position might be. Where possible, a division has been made by age of business within size and occupancy groups. An analysis of financial statements should produce the following information.

1. Ability to meet current and long-term obligations.
2. Owners' net worth or equity in the business.
3. Potential productivity of the business.

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BALANCE SHEET

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1. Ability to meet current and long-term obligations.
2. Owners' net worth or equity in the business.
3. Potential productivity of the business.

Important ratios from the Balance Sheet are:

1. Current assets to current liabilities - often called the "current ratio". This ratio indicates the ability of the business to meet current obligations out of current assets. Its changes indicate whether a business is gaining or losing working capital.
2. Current assets to fixed assets: Fixed assets should not be expanded at the expense of current assets needed for operating expenses and inventory purchases. Decreases in this ratio may indicate any tendency toward over-investment in fixed assets.
3. Net quick assets to net worth: The ratio of net quick assets (current assets minus current liabilities - also called working capital) to net worth discloses how much of proprietors' capital or net worth is in the form of quickly convertible assets free from current obligation.
4. Liabilities to net worth shows the relationship between total debt and owned capital. This ratio will fluctuate at times when seasonal buying creates higher liabilities while net worth remains uniform.

Ratios of particular use in dealing with other aspects of business may also be calculated from figures in this report. A division between capital and surplus was not feasible for businesses of individual ownership or partnerships.

VELOCITY RATIOS. These are ratios between certain profit and loss and balance sheet items.

1. Cost of merchandise sold to inventories is a fairly uniform ratio and is a good test of efficiency. A decrease in this ratio will indicate an overstocked condition. Because beginning and year-end inventories are shown in the profit and loss statement, this ratio or rate of stock turnover is calculated from the average of these two inventories and is shown with the profit and loss tables in this bulletin.

2. Sales to net worth, or in the case of incorporated firms to owned capital, determines the relative use of capital in conducting business. After a certain ratio has been established to govern employment of capital for a given volume of sales, any fluctuation will indicate to what extent capital is being accumulated beyond profitable investment or vice versa.

3. The ratio of sales to fixed assets measures the relationship between sales and the investment in fixed assets to produce such sales. This ratio is of lesser significance in the rented class where there is a smaller investment in equipment than in owned stores. Fluctuation in prices must be considered in comparing this ratio over any long period, because fixed assets are not re-valued as prices of goods sold increase or decrease.

4. Net profit to net worth ratio shows the relationship between net profit and the proprietors' equity in the business.

Other velocity ratios may be calculated, one of which is "accounts receivable to sales". This ratio is of value only where the amount of credit sales is known. This study did not ask for this information, but the quarterly series "Retail Consumer Credit" published by the Merchandising and Services Section of the Dominion Bureau of Statistics contains information on this subject. Cash and credit sales, and accounts receivable subdivided into instalment and charge accounts are published in the form of indexes for 16 trades. Basic data to make comparisons may be taken from tabulations of the 1941 Census of Merchandising and Services Establishments.

Newfoundland was not included in this survey.

* * * * *

The assistance and guidance of the CANADIAN RETAIL FEDERATION throughout this survey is gratefully acknowledged.

* * *

SUMMARIES, CHARTS AND TABLES

1. COUNTRY GENERAL STORES

Stores classified as "country general" carry a general line of merchandise and are situated in localities of less than 2,000 population. Food sales usually form a large part of the business but if more than 80% the store is not regarded as a country general store. Other commodities generally handled include clothing, dry goods, shoes, hardware and tobacco products.

Profit and loss information was received from 427 unincorporated stores. Separate results are shown for rented and owned stores within each sales size.

Balance sheet data were supplied by 216 firms and submissions from owned stores were sufficiently numerous to permit tabulation of results by age within three of the larger sizes.

Some of the more significant observations derived from an analysis of the average operating results and financial structure in 1948 are reviewed below:

1. Gross profits decreased slightly while operating expenses absorbed a little higher proportion of sales, with the result that the net profit ratio declined in 1948 compared with 1945 and 1946 (1945- 6.8%, 1946- 6.6%, 1948- 6.0%).
2. Inventories accumulated more rapidly than sales between 1946 and 1948. Stock turnover was 4.2 times in 1948 compared with 4.8 and 4.7 times in 1945 and 1946. (Table 1, page 12).
3. Gross profit ratios varied for different sizes of business, but not in a regular pattern related to volume of sales. Net profit ratios, on the other hand, were largest in the smaller stores, although this trend is not completely consistent in the case of rented establishments.
4. Salaries and wages occupied a more prominent position among the expenses of the larger stores, a condition which is common to all retail operations. Part of this differential wage cost is overcome by the diminishing proportion of expenditure on occupancy items for the larger stores. The rate of stock turnover increased from 2.5 times in the smallest of the owned stores to 4.7 times in the largest, and there was a corresponding wide and increasing range in the case of rented stores. (Table 2, page 14).

5. Owned and rented country general stores were in very similar positions at the end of 1948 as concerned the 'current ratio', with \$4.11 and \$4.14 current assets for every \$1.00 of current liability respectively. In all age, size and occupancy segments, net quick assets were more than 50% of net worth, and total liabilities in no case exceeded 40% of net worth.

In both owned and rented stores, the larger sizes of business utilized fixed assets to better advantage in producing sales than did the smaller stores. In owned stores, sales per dollar of fixed assets ranged from \$6.44 in the smallest size to \$11.60 in the group with sales of \$100,000 or over. In rented stores, where there was no real estate investment, sales per \$1.00 of fixed assets ranged from \$21.82 in the smallest to \$50.38 in the largest size class. (Tables 3 and 4, pages 15 and 16).

Table 1. - Operating Results of Country General Stores - 1945, 1946, 1948

Item	1945	1946	1948
Stores reporting No.	560	607	427
Average net sales per store \$	42,492	47,764	59,014
Average beginning inventory \$	7,394	7,521	11,438
Average inventory, end of year \$	7,977	9,266	12,280
Stock turnover (times per year)	4.8	4.7	4.2
Gross profit	15.4	15.5	15.1
Operating expenses:			
Employees' salaries and wages	3.9	4.3	4.3
Occupancy	2.5	2.5	2.4
Store supplies	0.8	0.7	0.4
Advertising	0.1	0.1	0.2
All other expenses	1.3	1.3	1.8
Total operating expenses	8.6	8.9	9.1
Net profit before deduction of proprietors' salaries and income tax	6.8	6.6	6.0

(Items expressed as percentages of net sales)

OPERATING RESULTS OF COUNTRY GENERAL STORES, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + OTHER EXPENSES

% OF
NET SALES
20

% OF
NET SALES
20

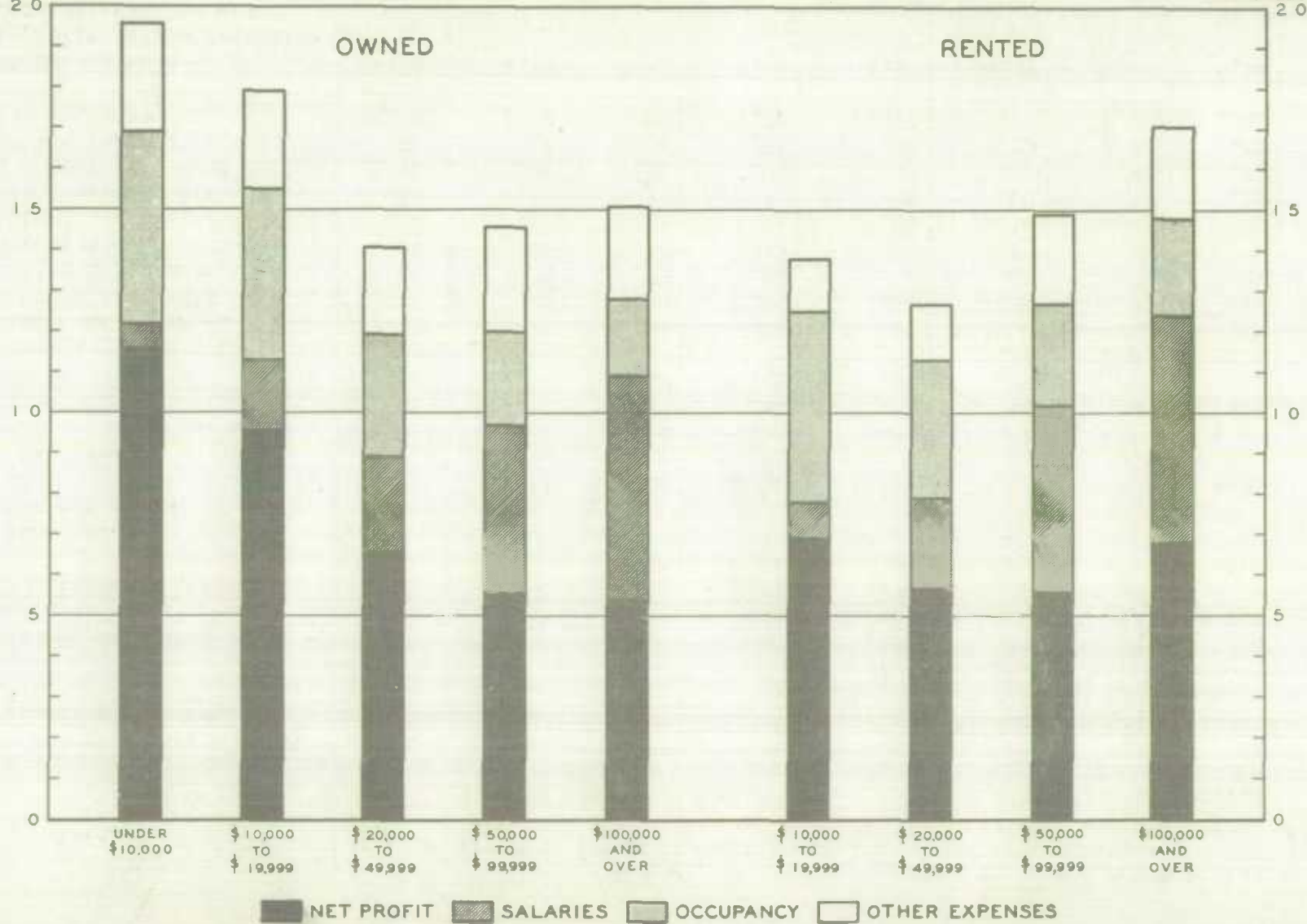


CHART 1.

Table 2.--Country General - Operating Results Classified According to
Annual Sales Volume and Occupancy Basis, 1948

Item	O W N E D					R E N T E D (1)			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	21	69	136	88	52	11	15	22	13
Average net sales per store \$	7,105	15,300	32,493	72,350	164,145	15,346	33,484	65,022	197,790
Average cost of goods sold \$	5,713	12,560	27,926	61,781	139,296	13,227	29,227	55,329	164,061
Average beginning inventory \$	2,173	4,135	6,846	14,883	28,684	4,255	6,835	12,798	29,986
Average inventory, end of year .. \$	2,383	4,433	7,296	16,254	30,400	4,680	7,667	13,669	32,069
Stock turnover (times per year)....	2.51	2.93	3.95	3.97	4.72	2.96	4.03	4.18	5.29
PROFIT AND LOSS DATA									
(Per cent of net sales)									
Gross profit	19.59	17.91	14.06	14.61	15.14	13.81	12.71	14.91	17.05
Operating expenses:									
Employees' salaries and wages .	.56	1.68	2.29	4.08	5.52	.87	2.17	4.65	5.61
Taxes .....	.93	.61	.40	.38	.26	.44	.44	.17	.13
Insurance .....	.52	.66	.47	.43	.45	.37	.27	.33	.33
Rent	-	-	-	-	-	1.64	1.26	1.01	.67
Heat, light and power	2.07	1.39	.84	.56	.37	1.38	.86	.58	.34
Repairs and maintenance .....	.72	.85	.53	.35	.30	.36	.19	.16	.51
Depreciation allowances .....	.47	.72	.73	.56	.52	.53	.37	.21	.42
Store supplies .....	.69	.45	.40	.48	.32	.39	.29	.42	.46
Advertising .....	.02	.10	.14	.21	.23	.14	.08	.20	.33
Bad debts - written off .....	.33	.27	.19	.21	.45	.10	.05	.16	.35
(Less) amount recovered .....	.03	.01	.01	.02	.07	-	-	.01	.19
Net bad debt loss .....	.30	.26	.18	.19	.38	.10	.05	.15	.16
All other expenses	1.72	1.58	1.50	1.78	1.40	.71	1.02	1.46	1.27
Total operating expenses	8.00	8.30	7.48	9.02	9.75	6.93	7.00	9.34	10.23
Net trading profit before deduction of proprietors' salaries and income tax	11.59	9.61	6.58	5.59	5.39	6.88	5.71	5.57	6.82

(1) Sample of stores with sales less than \$10,000 too small.

Table 3.--Country General Stores - Owned - Financial Structure by Size and Age of Business
December 31, 1948

Item (*) (Average per store)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and Over			Total - all Sizes
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	(over \$20,000)
Assets	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets:										
Cash on hand or in bank	1,230	2,134	1,882	2,859	2,386	2,527	2,956	3,171	3,111	2,346
Net accounts receivable	1,229	1,683	1,557	4,197	4,637	4,506	6,333	7,734	7,340	3,707
Merchandise inventory	6,514	7,439	7,181	17,401	15,899	16,348	26,732	31,665	30,277	14,784
Other current assets	502	432	452	2,217	784	1,211	273	1,624	1,244	880
Total current assets	9,475	11,688	11,072	26,674	23,706	24,592	36,294	44,194	41,972	21,717
Net fixed assets	4,745	5,374	5,198	7,422	6,153	6,532	8,208	15,656	13,561	7,204
Other assets	129	1,402	1,048	276	778	628	4,644	1,225	2,187	1,094
Total assets	14,349	18,464	17,318	34,372	30,637	31,752	49,146	61,075	57,720	30,015
Liabilities and Net Worth:										
Current liabilities	1,978	2,392	2,277	5,888	6,644	6,419	12,481	9,482	10,325	5,283
Other liabilities	372	110	183	2,691	921	1,449	1,580	4,643	3,782	1,307
Total liabilities	2,350	2,502	2,460	8,579	7,565	7,868	14,061	14,125	14,107	6,590
Net Worth	11,999	15,962	14,858	25,793	23,072	23,884	35,085	46,950	43,613	23,425
Total Liabilities and Net Worth.	14,349	18,464	17,318	34,372	30,637	31,752	49,146	61,075	57,720	30,015
Sales	30,894	34,483	33,484	71,678	71,140	71,301	141,987	163,331	157,328	69,983
Net Profit	2,033	2,269	2,203	4,007	3,977	3,986	7,653	8,804	8,480	4,003
Ratios:										
Current assets to current liabilities	4.79	4.89	4.86	4.53	3.57	3.83	2.91	4.66	4.07	4.11
Current assets to fixed assets	2.00	2.18	2.13	3.59	3.85	3.77	4.42	2.82	3.10	3.01
Net quick assets to net worth .....	.62	.58	.59	.81	.74	.76	.68	.74	.73	.70
Liabilities to net worth .....	.20	.16	.17	.33	.33	.33	.40	.30	.32	.28
Sales to net worth	2.57	2.16	2.25	2.78	3.08	2.99	4.05	3.48	3.61	2.99
Sales to fixed assets	6.51	6.42	6.44	9.66	11.56	10.92	17.30	10.43	11.60	9.71
Net profit to net worth .....	.17	.14	.15	.16	.17	.17	.22	.19	.19	.17

(*) See definitions on page 5 for more detail description.

Table 4.--Country General Stores - Rented - Financial Structure
by Size of Business, December 31, 1948

Item (*) (Average per store)	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (over \$20,000)
	\$	\$	\$	\$
Assets				
Current assets:				
Cash on hand or in bank	1,691	3,444	6,219	3,786
Net accounts receivable	1,619	3,547	13,954	6,052
Merchandise inventory	5,792	13,388	29,605	16,084
Other current assets	94	280	4,160	1,354
Total current assets	9,196	20,659	53,938	27,276
Net fixed assets	1,561	1,439	3,675	2,118
Other assets	122	79	1,393	471
Total assets	10,879	22,177	59,006	29,865
Liabilities and Net Worth:				
Current liabilities	1,967	4,416	14,141	6,586
Other liabilities	30	294	1,147	472
Total liabilities	1,997	4,710	15,288	7,058
Net Worth	8,882	17,467	43,718	22,807
Total Liabilities and Net Worth	10,879	22,177	59,006	29,865
Sales	34,072	66,049	185,150	92,111
Net Profit	1,946	3,679	12,646	5,818
Ratios:				
Current assets to current liabilities.	4.67	4.68	3.81	4.14
Current assets to fixed assets	5.89	14.36	14.68	12.88
Net quick assets to net worth .....	.81	.93	.91	.91
Liabilities to net worth .....	.22	.27	.35	.31
Sales to net worth	3.84	3.78	4.24	4.04
Sales to fixed assets	21.82	45.90	50.38	43.49
Net profit to net worth .....	.22	.21	.29	.26

2. RESTAURANTS

Included in this study were those restaurants which had as their main activity the provision of meals. Those with sales of tobacco, candy and other merchandise amounting to more than 20% of sales were not used.

Reports giving detailed profit and loss information were received from 275 independent unincorporated restaurants. Results are presented by sales-size classes for both owned and rented restaurants.

Balance sheet data were supplied by only 110 firms and it was possible to present results only for the three largest sales-size groups of rented businesses.

The operating results and financial structure of restaurants in 1948 are summarized below:

1. While the gross profit of restaurants remained very close to the 1946 level of 37.2%, increased operating expenses during 1948 reduced net profit from 8.6% in 1945, and 8.0% in 1946, to 6.9% of net receipts in 1948. Salaries and occupancy costs increased as a proportion of receipts in 1948, and these were the most important factors contributing to the decline in net profit. (Table 5, page 18).
2. In 1948, the largest restaurants showed definitely higher gross profits in relation to receipts. From a low of 31.64% in the smallest size class the ratio ranged to 39.03% in the largest of the rented establishments. The trend was quite similar for owned restaurants. Operating expenses also became higher with increased volume of sales and the increase corresponded closely with higher outlay for salaries and wages. Net profit ranged from 9.48% of receipts in the smallest size group of rented establishments to 5.40% in the largest class of owned restaurants. (Table 6, page 20).

3. At December 31, 1948 the average ratio of current assets to current liabilities was 1.81, and the range was from 1.60 to 2.00 over the different size and age groups of restaurants. In the two size classes for which an age breakdown was possible, restaurants established for at least 10 years had a more favourable "current ratio" than did more recent business entrants. This 'age' advantage of the older establishments is reflected also in other ratios indicative of relative financial positions. (Table 7, page 21).

Table 5. - Operating Results of Restaurants - 1945, 1946, 1948

Item	1945	1946	1948
Restaurants reporting No.	445	382	275
Average net receipts \$	45,956	48,816	55,007
Average beginning inventory \$	873	928	1,374
Average inventory, end of year \$	965	1,074	1,318
Stock turnover (times per year)	31.4	30.6	25.7
Gross profit	36.8	37.2	37.1
Operating expenses:			
Salaries and wages	17.1	18.2	18.5
Occupancy	7.4	7.4	7.9
Store supplies	1.1	1.1	.8
Advertising .....	.2	.3	.3
All other expenses	2.4	2.2	2.7
Total operating expenses	28.2	29.2	30.2
Net profit before deduction of proprietors' salaries and income tax	8.6	8.0	6.9

(Items expressed as percent of net receipts).

OPERATING RESULTS OF RESTAURANTS, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + OTHER EXPENSES

% OF NET SALES

% OF NET SALES

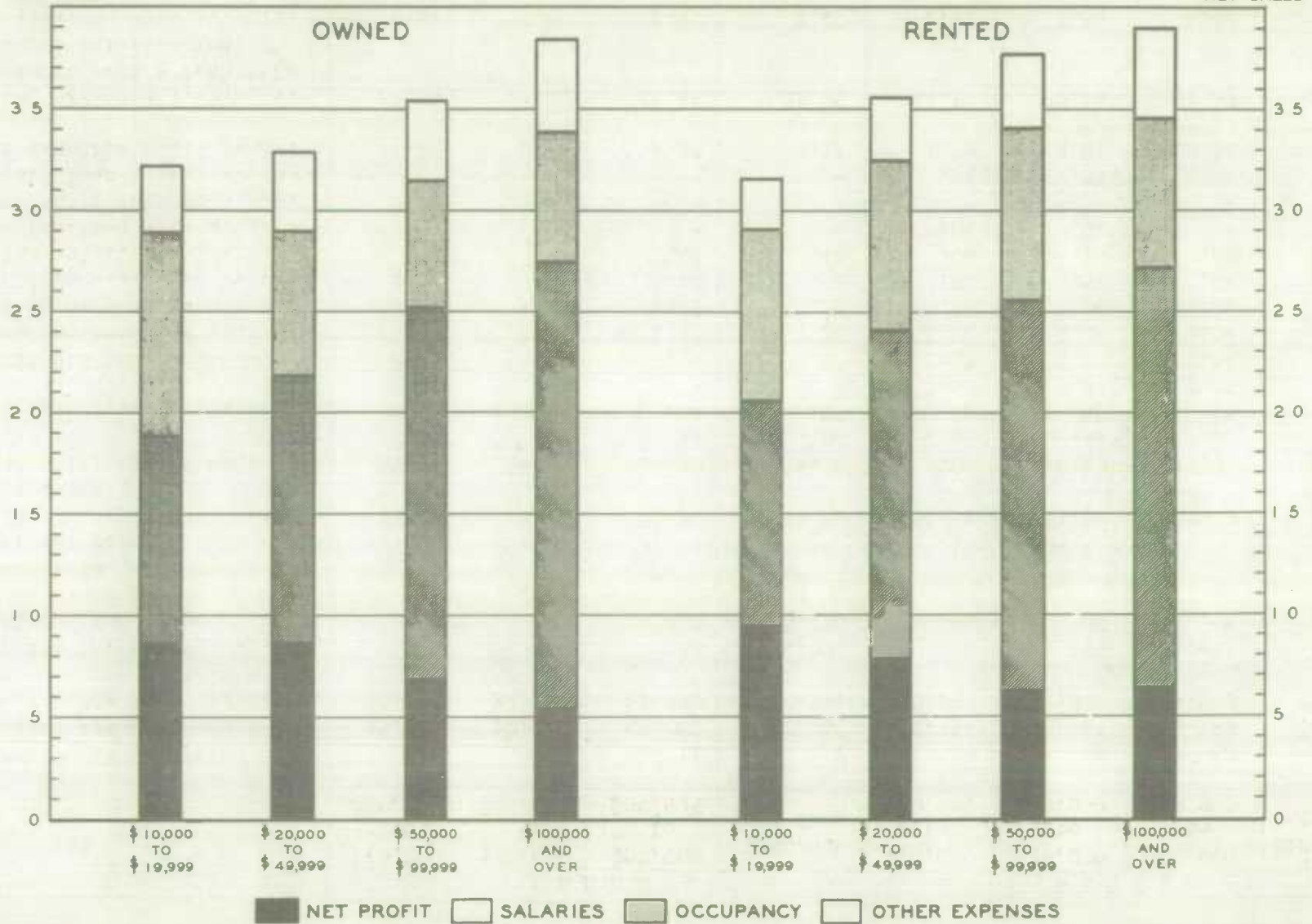


CHART 2.

Table 6.--Restaurants - Operating Results Classified According to
Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED				RENTED			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of restaurants reporting ...	7	22	11	7	28	90	73	26
Average net sales per restaurant \$	15,519	33,090	66,051	163,430	15,454	34,667	72,199	135,224
Average cost of goods sold \$	10,522	22,200	42,699	100,734	10,565	22,333	44,982	82,440
Average beginning inventory \$	608	902	784	4,072	332	909	1,816	3,111
Average inventory, end of year .. \$	716	904	652	5,272	362	735	1,908	2,831
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	32.20	32.91	35.36	38.36	31.64	35.58	37.69	39.03
Operating expenses:								
Employees' salaries and wages .	10.20	13.08	18.32	22.10	11.08	16.16	19.30	20.85
Taxes .....	.96	.97	.96	.86	.46	.44	.30	.40
Insurance .....	.69	.49	.54	.39	.23	.25	.29	.29
Rent	-	-	-	-	3.41	2.84	2.55	2.09
Heat, light and power	2.91	2.73	2.24	2.26	2.53	2.53	2.44	2.02
Repairs and maintenance	1.69	1.41	1.37	1.36	1.03	1.26	1.67	1.27
Depreciation allowances	3.89	1.62	1.19	1.54	.79	1.04	1.29	1.33
Store supplies	1.36	.96	.63	.91	.72	.99	.82	.72
Advertising .....	.09	.23	.29	.43	.08	.16	.27	.29
Bad debts (written off)	-	.03	-	-	.04	.04	-	-
(Less) amount recovered	-	-	-	-	-	-	-	-
Net bad debt loss	-	.03	-	-	.04	.04	-	-
All other expenses	1.77	2.73	2.92	3.11	1.79	2.01	2.44	3.34
Total operating expenses	23.56	24.25	28.46	32.96	22.16	27.72	31.37	32.60
Net trading profit before deduction of proprietors' salaries and income tax	8.64	8.66	6.90	5.40	9.48	7.86	6.32	6.43

Table 7.--Restaurants - Rented - Financial Structure by Size and Age of Business,
December 31, 1948

(Item (*) (Average per restaurant)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and Over	Total all Sizes (over \$20,000)
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total		
Assets	\$	\$	\$	\$	\$	\$	\$	\$
Current assets:								
Cash on hand or in bank	1,281	782	1,037	2,078	2,580	2,340	4,972	2,118
Net accounts receivable	283	23	156	63	45	54	30	96
Merchandise inventory	674	873	772	2,567	1,745	2,138	3,635	1,733
Other current assets	29	183	103	216	389	306	1,410	368
Total current assets	2,267	1,861	2,068	4,924	4,759	4,838	10,047	4,315
Net fixed assets	4,255	3,073	3,676	6,696	6,137	6,404	12,935	6,079
Other assets	1,277	482	888	1,298	883	1,082	770	953
Total assets	7,799	5,416	6,632	12,918	11,779	12,324	23,752	11,347
Liabilities and Net Worth:								
Current liabilities	1,191	970	1,083	2,644	2,380	2,506	6,272	2,386
Other liabilities	990	26	518	888	279	570	2,619	826
Total liabilities	2,181	996	1,601	3,532	2,659	3,076	8,891	3,212
Net Worth	5,618	4,420	5,031	9,386	9,120	9,248	14,861	8,135
Total Liabilities and Net Worth ...	7,799	5,416	6,632	12,918	11,779	12,324	23,752	11,347
Sales	33,383	34,777	34,066	69,279	76,992	73,303	145,464	65,665
Net Profit	2,624	2,733	2,678	4,378	4,866	4,633	9,353	4,406
Ratios:								
Current assets to current liabilities	1.90	1.92	1.91	1.86	2.00	1.93	1.60	1.81
Current assets to fixed assets ..	.53	.61	.56	.74	.78	.76	.78	.71
Net quick assets to net worth ...	.19	.20	.20	.24	.26	.25	.25	.24
Liabilities to net worth .....	.39	.23	.32	.38	.29	.33	.60	.39
Sales to net worth	5.94	7.87	6.77	7.38	8.44	7.93	9.79	8.07
Sales to fixed assets	7.85	11.32	9.27	10.35	12.54	11.45	11.25	10.80
Net profit to net worth .....	.47	.62	.53	.47	.53	.50	.63	.54

3. FUEL DEALERS

Firms included in this classification carried on the retail sale of coal as a principal activity, some of them selling lesser quantities of wood, ice or fuel oil.

Profit and loss information was returned by 246 unincorporated and 85 incorporated firms. Results have been summarized by sales-size classes for owned and rented businesses separately. Balance sheet items have been compiled for 151 unincorporated and 60 incorporated firms which contributed information.

Method of delivery and source of supply introduce features which lead to variation in operating results for this trade. In this report, therefore, are tables showing operating results: (1) as between "own delivery" and "contract delivery" dealers, (2) by regions.

Summary observations are as follows:

1. Both unincorporated and incorporated fuel dealers operated on smaller gross margins in 1948 than in 1946, but were also able to reduce the proportion of sales devoted to operating expenses. In 1948, unincorporated dealers netted a profit, before allowing for proprietors' salaries, of 5.4% of sales compared with 5.0% in both 1945 and 1946. Incorporated businesses had a net profit of 2.1% of net sales in 1948, slightly lower than the 2.4% realized in 1946. (Table 8, page 23).
2. While the trend of gross profit in 1948 was somewhat irregular over the sales-size classes of unincorporated dealers, there was some evidence of a decline toward the upper end of the sales-size scale. Total operating expenses followed a similar pattern, ranging from 16.48% of sales to 14.76% in owned, and from 18.81% to 14.30% in rented business, progressing from the smaller to the larger dealers. Net profit ratios generally decreased in the larger businesses. Delivery costs, forming approximately half of total operating expenses, were irregular in trend and ranged from 7.13% to 10.00% of sales. (Table 9, page 25).
3. At December 31, 1948 unincorporated coal dealers averaged \$1.93 and \$2.60 current assets for every \$1.00 of current liability for owned and rented businesses respectively. For every dollar of net worth, owned businesses transacted an average of \$4.57 sales and rented businesses \$5.57 sales. Dealers operating from owned premises averaged \$9.08 sales for every \$1.00 of fixed asset investment. Dealers in rented premises, with smaller investment in fixed assets, transacted \$19.22 sales per \$1.00 of fixed assets investment. (Table 11, page 27).

4. Fuel dealers of the incorporated type had a "current ratio" of almost 2 at the end of 1948. Current assets to current liabilities ratios were 1.90 to 1 for owned and 1.94 to 1 for rented businesses. Dealers operating from owned premises transacted \$9.40 sales per \$1.00 of capital and those using rented premises, \$14.85. Sales to fixed assets were in the ratio of 9.67 to 1 and 29.61 to 1 for the two types of occupancy. The results of 'owned' dealers shown in this table represents only the one size range of \$100,000 or more sales. (Table 12, page 28).
5. Unincorporated fuel dealers in the Prairies and British Columbia operated on higher gross margins than did those located in other regions of the country. They also spent proportionately more on delivery and had a higher net profit in 1948. With few exceptions, these higher ratios for Western firms held true for all size groups for which results are shown.

Incorporated dealers in the Prairies and British Columbia obtained much higher gross profit ratios, spent more on delivery and netted greater profits than did those in eastern Canada. (Table 13, page 29).

6. Both unincorporated and incorporated fuel dealers operating their own delivery equipment obtained greater gross profit ratios than did those whose delivery was done by contract. Total delivery cost was not significantly different between the two delivery methods.

Wages paid to deliverymen formed 58.7% of total delivery cost in the case of unincorporated dealers performing their own delivery, and 58.3% of total delivery cost in the incorporated group. (Table 14, page 29).

Table 8. - Operating Results of Fuel Dealers - 1945, 1946, 1948

Item	UNINCORPORATED			INCORPORATED	
	1945	1946	1948	1946	1948
Dealers reporting No.	249	239	246	34	85
Average net sales \$	64,300	64,413	94,817	166,627	231,468
Gross profit	20.1	21.1	20.4	21.5	19.9
Operating expenses	15.1	16.1	15.0	19.1	17.8
Net profit before deduction of income tax (1)	5.0	5.0	5.4	2.4	2.1

(1) For unincorporated, this ratio includes proprietors' salaries.

OPERATING RESULTS OF FUEL DEALERS, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES

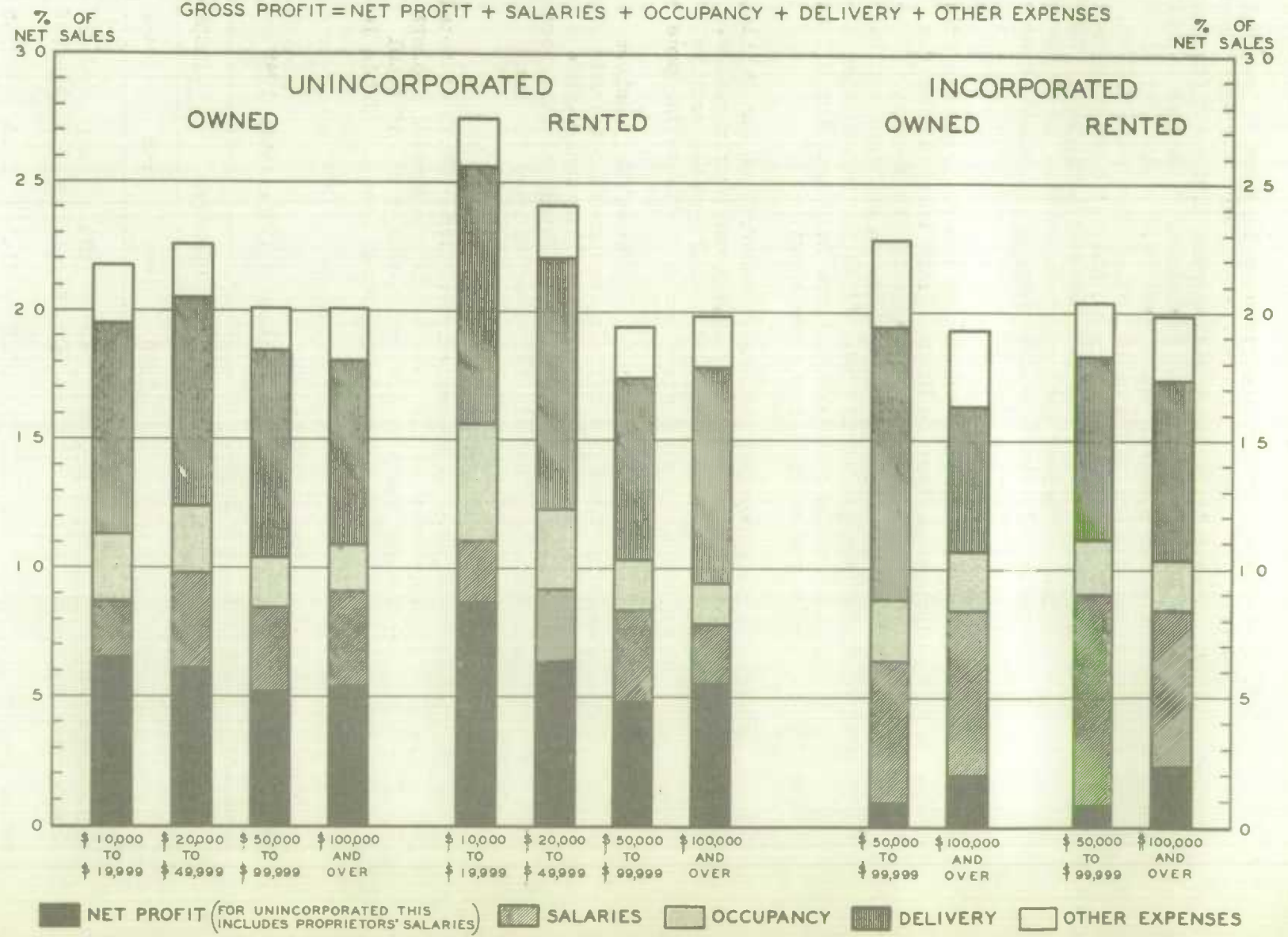


Table 9.--Fuel Dealers - Operating Results of Unincorporated Firms Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED				RENTED			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of firms reporting	10	53	48	73	10	20	11	21
Average net sales \$	15,316	34,368	71,102	174,991	15,212	33,189	73,576	168,469
Average cost of goods sold \$	11,976	26,613	56,819	139,785	11,029	25,187	59,298	135,064
Average beginning inventory \$	1,620	2,008	4,230	10,798	760	1,719	3,926	7,632
Average inventory, end of year .. \$	2,030	2,608	5,599	14,610	1,008	2,339	5,968	9,591
Stock turnover (times per year) ...	6.56	11.53	11.56	11.00	12.48	12.41	11.99	15.68
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	21.80	22.56	20.09	20.12	27.50	24.11	19.41	19.82
Operating expenses:								
Employees' salaries and wages . (except delivery)	2.20	3.75	3.25	3.68	2.40	2.84	3.63	2.26
Taxes .....	.53	.53	.39	.35	.59	.51	.24	.13
Insurance .....	.49	.44	.30	.32	.38	.50	.33	.24
Rent	-	-	-	-	1.77	1.05	.49	.37
Heat, light and power .....	.52	.34	.16	.15	.81	.40	.11	.10
Delivery	8.15	8.07	8.11	7.23	10.00	9.82	7.13	8.38
Repairs and maintenance .....	.41	.59	.43	.51	.24	.25	.36	.40
Depreciation allowances .....	.67	.68	.60	.51	.68	.42	.41	.32
Store supplies .....	.50	.34	.28	.28	.59	.27	.29	.27
Advertising .....	.24	.18	.19	.37	.16	.20	.48	.44
Bad debts - written off .....	.15	.12	.17	.20	.42	.14	.13	.16
(Less) amount recovered	-	-	-	.06	-	-	-	.04
Net bad debt loss .....	.15	.12	.17	.14	.42	.14	.13	.12
All other expenses	1.41	1.44	1.06	1.22	.77	1.33	.98	1.27
Total operating expenses	15.27	16.48	14.94	14.76	18.81	17.73	14.58	14.30
Net trading profit before deduction of proprietors' salaries and income tax	6.53	6.08	5.15	5.36	8.69	6.38	4.83	5.52

Table 10.--Fuel Dealers - Operating Results of Incorporated Firms Classified
According to Annual Sales Volume and Occupancy Basis, 1948

Item	O W N E D		R E N T E D	
	\$50,000 to \$99,999	\$100,000 and Over	\$50,000 to \$99,999	\$100,000 and Over
Number of firms reporting	9	26	12	33
Average net sales per firm \$	76,890	249,081	79,859	344,715
Average cost of goods sold \$	59,393	201,143	63,599	276,004
Average beginning inventory \$	2,270	16,357	5,493	12,777
Average inventory, end of year .. \$	2,544	18,825	5,657	15,548
Stock turnover (times per year) ...	24.68	11.43	11.41	19.49
PROFIT AND LOSS DATA				
(Per cent of net sales)				
Gross profit	22.76	19.25	20.36	19.93
Operating expenses:				
Employees' salaries and wages (except delivery)	5.46	6.37	8.24	6.14
Taxes .....	.63	.36	.35	.22
Insurance .....	.49	.42	.29	.29
Rent	-	-	.56	.45
Heat, light and power .....	.15	.13	.16	.10
Delivery	10.64	5.56	7.06	6.95
Repairs and maintenance .....	.53	.58	.53	.50
Depreciation allowances .....	.59	.85	.30	.36
Store supplies .....	.42	.24	.32	.34
Advertising .....	.47	.36	.33	.39
Bad debts - written off .....	.09	.08	.14	.13
(Less) amount recovered	-	-	-	-
Net bad debt loss .....	.09	.08	.14	.13
All other expenses	2.36	2.30	1.27	1.72
Total operating expenses	21.83	17.25	19.55	17.59
Net trading profit before deduction of income tax .....	.93	2.00	.81	2.34

Table 11.--Fuel Dealers - Financial Structure of Unincorporated Firms
by Size and Occupancy, December 31, 1948

Item (*) (Average per dealer)	OWNED				RENTED		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (over \$20,000)	\$20,000 to \$49,999	\$100,000 and Over	Total all Sizes (over \$20,000)
Assets	\$	\$	\$	\$	\$	\$	\$
Current assets:							
Cash on hand or in bank	936	2,342	3,936	2,836	1,474	5,633	3,975
Net accounts receivable	1,983	6,721	12,897	8,781	3,356	14,819	10,026
Merchandise inventory	3,085	5,798	15,726	10,116	2,932	10,190	7,556
Other current assets	390	1,157	2,030	1,428	732	1,168	1,477
Total current assets	6,394	16,018	34,589	23,161	8,494	31,810	23,034
Net fixed assets	6,190	9,211	15,102	11,484	2,874	9,005	5,884
Other assets	932	1,762	1,966	1,692	83	4,212	2,317
Total assets	13,516	26,991	51,657	36,337	11,451	45,027	31,235
Liabilities and Net Worth:							
Current liabilities	4,071	7,741	17,967	12,009	4,545	12,969	8,873
Other liabilities	850	1,443	1,833	1,513	1,123	2,944	2,048
Total liabilities	4,921	9,184	19,800	13,522	5,668	15,913	10,921
Net Worth	8,595	17,807	31,857	22,815	5,783	29,114	20,314
Total Liabilities and Net Worth ...	13,516	26,991	51,657	36,337	11,451	45,027	31,235
Sales	35,195	68,703	155,116	104,257	37,325	169,547	113,116
Net Profit	2,140	3,538	8,314	5,596	2,381	9,359	6,212
Ratios:							
Current assets to current liabilities	1.57	2.07	1.93	1.93	1.87	2.45	2.60
Current assets to fixed assets ..	1.03	1.74	2.29	2.02	2.96	3.53	3.91
Net quick assets to net worth ...	.27	.46	.52	.49	.68	.65	.70
Liabilities to net worth .....	.57	.52	.62	.59	.98	.55	.54
Sales to net worth	4.09	3.86	4.87	4.57	6.45	5.82	5.57
Sales to fixed assets	5.69	7.46	10.27	9.08	12.99	18.83	19.22
Net profit to net worth .....	.25	.20	.26	.25	.41	.32	.31

(x) See definitions on page 5 for more detail description.

Table 12.--Fuel Dealers - Financial Structure of Incorporated Firms
by Size and Occupancy, December 31, 1948

Item (*) (Average per dealer)	OWNED		RENTED		Total all Sizes (over \$20,000)
	\$100,000 and Over	\$50,000 to \$99,999	\$100,000 and Over	\$	
Assets	\$	\$	\$	\$	\$
Current assets:					
Cash on hand or in bank	6,449	1,540	2,794		2,552
Net accounts receivable	19,439	7,195	45,830		35,444
Merchandise inventory	19,012	5,581	16,502		13,412
Other current assets	3,624	2,593	12,210		9,543
Total current assets	48,524	16,909	77,336		60,951
Net fixed assets	28,817	3,482	12,024		9,780
Other assets	3,004	4,258	5,809		5,482
Total assets	80,345	24,649	95,169		76,213
Liabilities and Net Worth:					
Current liabilities	25,568	8,649	39,835		31,499
Other liabilities	8,870	2,258	9,020		7,122
Total liabilities	34,438	10,907	48,855		38,621
Net Worth	45,907	13,742	46,314		37,592
Total Liabilities and Net Worth	80,345	24,649	95,169		76,213
Sales	278,722	80,631	367,060		289,586
Net Profit	5,574	653	8,589		6,466
Ratios:					
Current assets to current liabilities	1.90	1.96	1.94		1.94
Current assets to fixed assets	1.68	4.86	6.43		6.23
Net quick assets to net worth .....	.50	.60	.81		.78
Liabilities to net worth .....	.75	.79	1.05		1.03
Sales to capital	9.40	6.47	16.54		14.85
Sales to fixed assets	9.67	23.16	30.53		29.61
Net profit to net worth .....	.12	.48	.19		.17

(*) See definitions on page 5 for more detail description.

Table 13.--Fuel Dealers - Comparison of Gross Profit, Delivery and Net Profit by Size of Business and Region, 1948

Item	INCORPORATED Total	UNINCORPORATED			
		\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total
GROSS PROFIT					
Maritimes	18.08	23.39	26.89	20.27	21.83
Quebec	14.97	23.82	17.21	22.37	22.19
Ontario	18.83	21.10	18.54	19.03	19.07
Prairies	23.67				
British Columbia .	29.60	25.06	25.11	25.03	25.06
DELIVERY EXPENSE					
Maritimes	7.24	5.94	9.89	8.35	8.15
Quebec	6.23	9.71	6.58	7.01	7.61
Ontario	5.76	7.45	7.51	7.19	7.27
Prairies	7.29				
British Columbia .	9.92	9.46	9.68	10.71	10.15
NET PROFIT					
Maritimes	1.45	6.08	7.78	4.32	5.16
Quebec .....	.65	4.64	3.88	4.09	4.20
Ontario	2.16	6.33	4.93	5.80	5.67
Prairies	4.26				
British Columbia .	2.85	8.80	5.76	4.68	5.79

(Items expressed as percentage of net sales).

Table 14.--Fuel Dealers - Delivery Expense of Unincorporated and Incorporated Firms by Type of Delivery, 1948

Item	UNINCORPORATED				INCORPORATED		
	Own Delivery				Contract Delivery	Own Delivery	Contract Delivery
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total over \$20,000	Total over \$20,000	Total over \$20,000	Total over \$20,000
Gross profit.....	23.71	20.40	20.30	20.72	18.81	20.45	19.04
Delivery expense:							
Salaries	4.61	4.64	4.35	4.43	.92	3.97	.43
Repairs and maintenance	1.37	1.06	1.16	1.17	.37	1.14	.20
Depreciation, licenses and insurance	1.31	.87	.79	.87	.24	.70	.26
Supplies used (gas, oil, grease)	1.62	1.21	1.00	1.11	.35	.95	.16
Total amount paid contract delivery	-	-	-	-	5.85	-	5.43
Total delivery expense	8.91	7.78	7.30	7.58	7.73	6.76	6.48
Net profit	6.25	5.21	5.72	5.69	4.61	1.61	2.81

(Items expressed as percentage of net sales).

4. DRUG STORES

Drug stores used in this study were those without soda fountain facilities. Usable reports on the profit and loss statement were received from 466 unincorporated stores and from 57 incorporated firms. These were segregated into sales-size groups for owned and rented categories. In some size classes there were too few reporting firms to permit publication of their results. With the exception of three returns, incorporated firms were in the rented class.

Of the above, 269 unincorporated firms in the three largest size classes completed balance sheet data and, for the same sizes, 44 incorporated firms submitted this information.

Operating ratios and financial structure of drug stores for 1948 are summarized below:

1. Unincorporated drug stores obtained slightly greater gross margins in 1948 than in 1945 and 1946 - 28.4% for 1948 and 27.2% for the other two years. This advantage was more than offset by higher expenses (particularly in salaries and 'other' expenses) so that a smaller net profit of 11.7% resulted in 1948 compared with 13.2% and 12.2% for 1945 and 1946.

Incorporated drug stores operated on slightly smaller gross profits in 1948 than in 1946. Total operating expenses rose from 23.9% of sales in 1946 to 27.5% in 1948. Net profit, therefore, was much smaller in 1948 (5.6%) than in 1946 (9.6%). Table 15, page 31).

2. In 1948, the trend of gross profit over the different size ranges in both occupancy categories of unincorporated stores was irregular. Salary expense ratio increased as volume of business expanded while occupancy expense ratios generally decreased. Net profit, expressed as a percentage of net sales, was fairly constant for all sizes and ranged from 11.37% to 13.63% of net sales. (Table 16, page 33).
3. Salary expense of incorporated stores includes executive salaries, while the withdrawals of unincorporated store proprietors are not included in expenses but in net profit. Omitting salaries, incorporated firms had greater expenses in proportion to sales than did unincorporated stores in the three sizes of rented stores shown. Net profit of incorporated firms ranged from 1.93% of sales in the smallest size class to 6.48% in the largest. (Table 17, page 34).

4. The different age, size and occupancy groups of unincorporated drug stores had current assets ranging from \$2.25 to \$4.24 for every \$1.00 of current liability. At the end of 1948, 43¢ of every \$1.00 net worth in 'owned' stores was available as working capital. In rented stores, 84¢ of every \$1.00 net worth was free from current obligation.

Businesses in operation for 10 years or longer derived greater sales volume in terms of fixed assets than did younger establishments. Businesses of larger annual sales volume had this same advantage over smaller businesses. The all-sizes average was \$4.46 sales per \$1.00 fixed asset investment for owned stores and \$25.40 per \$1.00 for rented stores. (Tables 18 and 19, pages 35 and 36).

5. All sizes of incorporated stores showed favourable ratios of current assets to current liabilities, the range extending from 3.94 to 4.72. Net quick assets, or working capital, was in all cases a large percentage of net worth with an all-sizes average of 83%. In all size classes, total liabilities were less than 50% of net worth.

With a small investment in fixed assets, rented stores of the incorporated type of organization averaged \$25.69 net sales per \$1.00 of fixed assets. Every dollar of capital investment in incorporated drug stores represented \$5.62 in sales. (Table 20, page 37).

Table 15. - Operating Results of Drug Stores - 1945, 1946, 1948

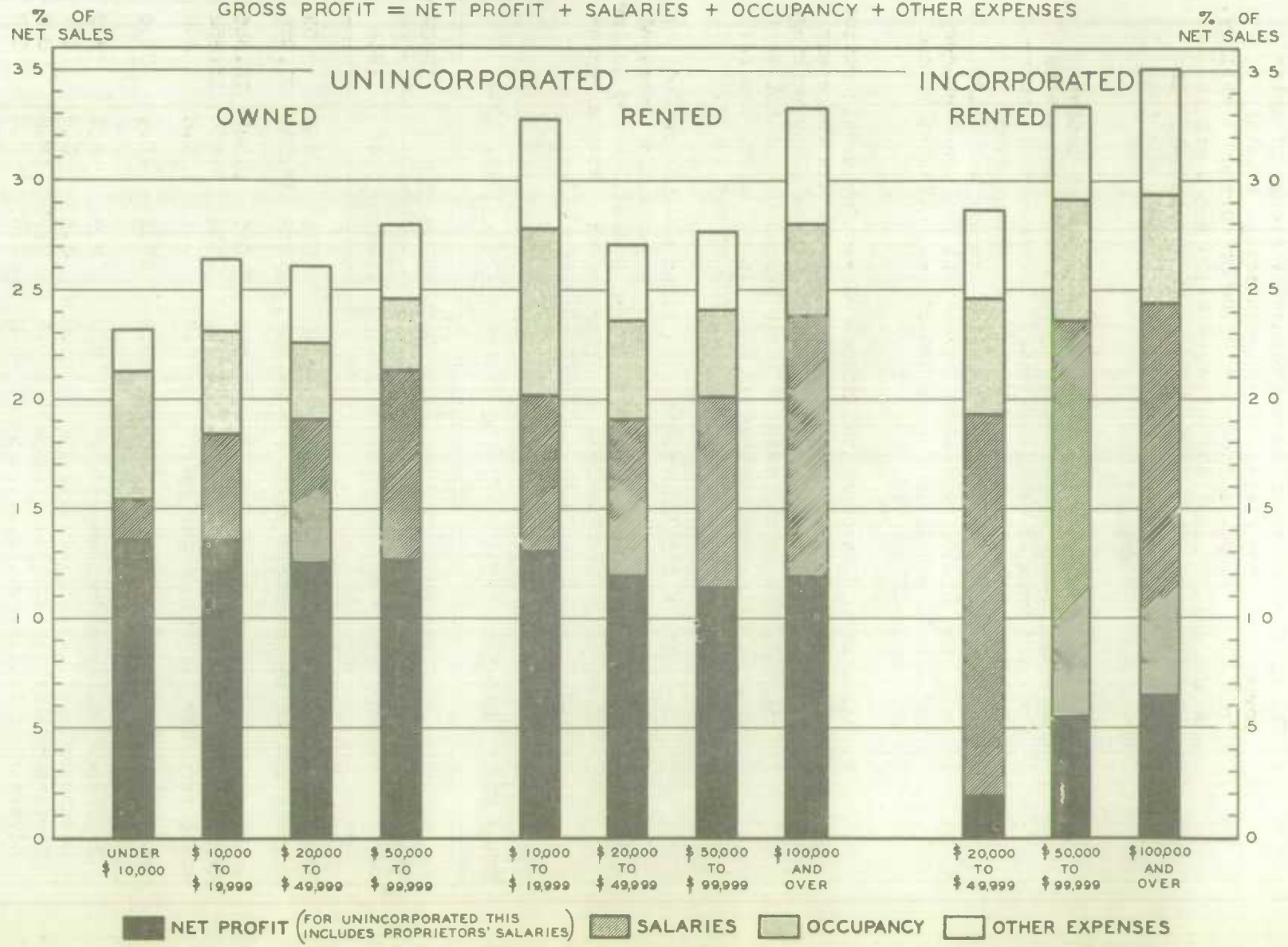
Item	UNINCORPORATED			INCORPORATED	
	1945	1946	1948	1946	1948
Stores reporting No.	546	576	466	59	57
Average net sales per store \$	34,286	40,373	47,382	71,976	81,416
Average beginning inventory \$	6,480	7,065	8,827	13,865	18,918
Average inventory, end of year .. \$	6,891	7,953	9,268	15,852	19,119
Stock turnover ... (times per year)	3.7	3.9	3.8	3.2	2.9
Gross profit	27.2	27.2	28.4	33.5	33.1
Operating expenses:					
Employees' salaries and wages ...	7.0	7.8	8.7	15.3	17.7
Occupancy	4.0	3.9	3.9	4.7	5.1
Store supplies	0.6	0.7	0.6	0.8	0.5
Advertising	0.6	0.8	0.9	0.8	1.1
All other expenses	1.8	1.8	2.6	2.3	3.1
Total operating expenses	14.0	15.0	16.7	23.9	27.5
Net profit before deduction of income tax (1)	13.2	12.2	11.7	9.6	5.6

(1) For unincorporated stores this ratio includes proprietors' salaries.

OPERATING RESULTS OF DRUG STORES, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + OTHER EXPENSES



NET PROFIT (FOR UNINCORPORATED THIS INCLUDES PROPRIETORS' SALARIES)
 SALARIES
 OCCUPANCY
 OTHER EXPENSES

Table 16.--Drug Stores - Operating Results of Unincorporated Stores Classified
According to Annual Sales Volume and Occupancy Basis, 1948

Item	O W N E D				R E N T E D			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	10	47	91	33	23	140	101	14
Average net sales per store \$	8,147	15,400	34,647	68,183	15,172	34,959	67,346	134,089
Average cost of goods sold \$	6,259	11,339	25,616	49,066	10,202	25,471	48,686	89,466
Average beginning inventory \$	2,353	4,580	6,982	10,959	4,021	7,489	12,409	21,811
Average inventory, end of year .. \$	2,503	4,752	7,394	12,104	4,276	7,869	12,695	22,767
Stock turnover (times per year) ...	2.58	2.43	3.56	4.25	2.40	3.32	3.88	4.01
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	23.17	26.36	26.06	28.04	32.76	27.14	27.71	33.28
Operating expenses:								
Employees' salaries and wages .	1.77	4.77	6.54	8.60	7.08	7.11	8.72	11.86
Taxes .....	.96	.95	.62	.53	.68	.32	.25	.22
Insurance .....	.65	.76	.55	.45	.46	.42	.43	.35
Rent	-	-	-	-	4.37	2.31	1.93	1.92
Heat, light and power	1.86	1.41	.95	.78	.96	.62	.47	.37
Repairs and maintenance .....	.96	.78	.58	.70	.75	.45	.42	.96
Depreciation allowances	1.48	.76	.77	.80	.33	.38	.45	.35
Store supplies .....	.52	.59	.58	.52	.94	.56	.56	.52
Advertising .....	.12	.49	.63	.80	1.43	.67	.84	1.42
Bad debts - written off .....	.16	.23	.04	.03	.69	.04	.05	.06
(Less) amount recovered .....	.01	.02	-	-	.45	-	-	.01
Net bad debt loss .....	.15	.21	.04	.03	.24	.04	.05	.05
All other expenses	1.07	2.06	2.19	2.14	2.44	2.30	2.22	3.36
Total operating expenses	9.54	12.78	13.45	15.35	19.68	15.18	16.34	21.38
Net trading profit before deduction of proprietors' salaries and income tax	13.63	13.58	12.61	12.69	13.08	11.96	11.37	11.90

Table 17.--Drug Stores - Operating Results of Unincorporated
and Incorporated Rented Stores Compared, 1948

Item	UNINCORPORATED			INCORPORATED		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	140	101	14	17	25	11
Average net sales per store \$	34,959	67,346	134,089	38,369	71,924	171,851
Average cost of goods sold \$	25,471	48,686	89,466	27,395	47,890	111,510
Average beginning inventory \$	7,489	12,409	21,811	8,955	17,009	39,794
Average inventory, end of year .. \$	7,869	12,695	22,767	9,316	17,222	39,098
Stock turnover (times per year) ...	3.32	3.88	4.01	3.00	2.80	2.83
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	27.14	27.71	33.28	28.60	33.42	35.11
Employees' salaries and wages ...	7.11	8.72	11.86	17.42	18.11	17.93
Taxes .....	.32	.25	.22	.29	.40	.45
Insurance .....	.42	.43	.35	.40	.45	.55
Rent	2.31	1.93	1.92	2.93	3.35	2.88
Heat, light and power .....	.62	.47	.37	.88	.62	.38
Repairs and maintenance .....	.45	.42	.96	.35	.29	.29
Depreciation allowances .....	.38	.45	.35	.41	.46	.44
Store supplies .....	.56	.56	.52	.61	.50	.50
Advertising .....	.67	.84	1.42	.57	.79	1.59
Bad debts - written off .....	.04	.05	.06	.06	.08	.21
(Less) amount recovered	-	-	.01	-	-	-
Net bad debt loss .....	.04	.05	.05	.06	.08	.21
All other expenses	2.30	2.22	3.36	2.75	2.90	3.41
Total operating expenses	15.18	16.34	21.38	26.67	27.95	28.63
Net trading profit before deduction of income tax (1)	11.96	11.37	11.90	1.93	5.47	6.48

(1) For unincorporated stores this ratio includes proprietors' salaries.

Table 18.--Drug Stores - Owned - Financial Structure of Unincorporated Stores
by Size and Age of Business, December 31, 1948

Item (*) (Average per store)	\$20,000 - \$49,999			\$50,000 to \$99,999	Total all Sizes (over \$20,000)
	Under 10 years	10 years & over	Total		
<u>Assets</u>	\$	\$	\$	\$	\$
Current assets:					
Cash on hand or in bank	1,151	2,307	2,102	3,782	3,981
Net accounts receivable	288	557	510	842	899
Merchandise inventory	6,916	7,834	7,672	12,889	10,953
Other current assets	8	731	604	1,052	1,959
Total current assets	8,363	11,429	10,888	18,565	17,792
Net fixed assets	7,654	8,068	7,995	13,474	14,695
Other assets	67	344	295	302	775
Total assets	16,084	19,841	19,178	32,341	33,262
<u>Liabilities and Net Worth:</u>					
Current liabilities	3,710	3,368	3,428	6,783	7,654
Other liabilities	1,850	889	1,059	2,682	2,216
Total liabilities	5,560	4,257	4,487	9,465	9,870
Net Worth	10,524	15,584	14,691	22,876	23,392
Total Liabilities and Net Worth	16,084	19,841	19,178	32,341	33,262
Sales	30,559	36,495	35,448	67,067	65,493
Net Profit	3,853	4,602	4,470	8,511	7,182
<u>Ratios:</u>					
Current assets to current liabilities	2.25	3.39	3.18	2.74	2.32
Current assets to fixed assets ...	1.09	1.42	1.36	1.38	1.21
Net quick assets to net worth ....	.44	.52	.51	.52	.43
Liabilities to net worth .....	.53	.27	.31	.41	.42
Sales to net worth	2.90	2.34	2.41	2.93	2.80
Sales to fixed assets	3.99	4.52	4.43	4.98	4.46
Net profit to net worth .....	.37	.30	.30	.37	.31

(*) See definitions on page 5 for more detail description.

Table 19.--Drug Stores - Rented - Financial Structure of Unincorporated Stores
by Size and Age of Business, December 31, 1948

Item (⌘) (Average per store)	\$20,000 to \$49,999			\$50,000 - \$99,999			\$100,000 and Over	Total all Sizes (over \$20,000)
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total		
<u>Assets</u>	\$	\$	\$	\$	\$	\$	\$	\$
Current assets:								
Cash on hand or in bank	1,562	2,083	1,915	3,428	3,459	3,450	5,429	2,717
Net accounts receivable	484	546	526	772	1,096	1,005	3,814	907
Merchandise inventory	7,289	8,011	7,777	13,951	13,015	13,279	20,481	10,660
Other current assets	755	391	509	456	702	632	992	586
Total current assets	10,090	11,031	10,727	18,607	18,272	18,366	30,716	14,870
Net fixed assets	1,939	1,613	1,718	3,352	2,095	2,449	3,687	2,118
Other assets	671	439	514	941	1,261	1,172	2,389	879
Total assets	12,700	13,083	12,959	22,900	21,628	21,987	36,792	17,867
<u>Liabilities and Net Worth:</u>								
Current liabilities	3,148	2,599	2,777	4,475	5,587	5,274	8,742	4,097
Other liabilities	1,196	201	522	2,550	316	945	4,502	923
Total liabilities	4,344	2,800	3,299	7,025	5,903	6,219	13,244	5,020
Net Worth	8,356	10,283	9,660	15,875	15,725	15,768	23,548	12,847
Total Liabilities and Net Worth	12,700	13,083	12,959	22,900	21,628	21,987	36,792	17,867
Sales	34,080	36,391	35,644	67,233	69,131	68,597	126,651	53,800
Net Profit	4,076	4,352	4,263	7,644	7,860	7,799	15,071	6,274
<u>Ratios:</u>								
Current assets to current liabilities	3.21	4.24	3.86	4.16	3.27	3.48	3.51	3.63
Current assets to fixed assets	5.20	6.84	6.24	5.55	8.72	7.50	8.33	7.02
Net quick assets to net worth .....	.80	.82	.82	.89	.81	.83	.93	.84
Liabilities to net worth .....	.52	.27	.34	.44	.38	.39	.56	.39
Sales to net worth	4.08	3.54	3.69	4.24	4.40	4.35	5.38	4.19
Sales to fixed assets	17.58	22.56	20.75	20.06	33.00	28.01	34.35	25.40
Net profit to net worth .....	.49	.42	.44	.48	.50	.49	.64	.49

(⌘) See definitions on page 5 for more detail description.

Table 20.--Drug Stores - Financial Structure of Incorporated Rented
Stores by Size of Business, December 31, 1948

Item (⌘) (Average per store)	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (over \$20,000)
<u>Assets</u>	\$	\$	\$	\$
Current assets:				
Cash on hand or in bank	2,815	5,462	6,333	4,817
Net accounts receivable	882	2,264	7,347	2,979
Merchandise inventory	8,927	17,788	39,990	20,015
Other current assets	815	2,109	5,099	2,377
Total current assets	13,439	27,623	58,769	30,188
Net fixed assets	1,578	2,971	6,421	3,312
Other assets	1,046	2,962	13,213	4,682
Total assets	16,063	33,556	78,403	38,182
<u>Liabilities and Net Worth:</u>				
Current liabilities	2,846	7,009	14,755	7,445
Other liabilities	1,862	1,265	9,364	3,295
Total liabilities	4,708	8,274	24,119	10,740
Capital	6,824	12,186	32,680	15,138
Surplus	4,531	13,096	21,604	12,304
Net Worth	11,355	25,282	54,284	27,442
Total Liabilities and Net Worth	16,063	33,556	78,403	38,182
Sales	38,137	73,525	173,985	85,097
Net Profit	736	4,022	11,274	4,625
<u>Ratios:</u>				
Current assets to current liabilities.	4.72	3.94	3.98	4.05
Current assets to fixed assets	8.52	9.30	9.15	9.11
Net quick assets to net worth .....	.93	.82	.81	.83
Liabilities to net worth .....	.41	.33	.44	.39
Sales to capital	5.59	6.03	5.32	5.62
Sales to fixed assets	24.17	24.75	27.10	25.69
Net profit to net worth .....	.07	.16	.21	.17

(⌘) See definitions on page 5 for more detail description.

5. JEWELLERY STORES

Reports satisfactorily completed as to profit and loss data were received from 274 jewellery stores of the unincorporated type of organization and from 46 incorporated firms. These returns were separated into owned and rented categories and within each occupancy group tabulation was made by sales-size. In the unincorporated group there were too few reports in the sales-size of \$100,000 or over in both owned and rented classes to permit publication of results. Of the 46 returns from incorporated firms, 42 were in the rented class and came within the three largest size groups.

Balance sheet data were received from 134 unincorporated stores in the three largest sales-size classes but here also it was impossible to publish results for stores with sales of \$100,000 or over. However, these were included in the total. Few incorporated firms completed the balance sheet and results could not be prepared.

The operating results and financial structure of jewellery stores in 1948 are summarized as follows:

1. While the gross profit ratio was increased in 1948 over 1946, for both unincorporated and incorporated jewellery stores, relatively greater operating expense increases caused a reduction in net profit. The greatest expenditure increases from 1946 took place in salaries and wages paid to employees and in occupancy costs. With increased dollar volume of stocks and lessened average sales the rate of stock turnover slowed down to 1.5 times for unincorporated and 1.6 times per year for incorporated stores. The turnover rate was about twice per year in 1946. (Table 21, page 39).
2. In 1948, unincorporated stores showed an upward trend in salaries and advertising expense ratios with increased sales. The occupancy items of taxes, insurance, rent, heat, light and power, repairs and depreciation decreased (in ratio to sales) in the larger sized stores. The greater ratio of salaries in the larger classes affected the trend of total operating expenses which ranged from 16.99% of net sales in small owned stores to almost 26.87% in the largest of the rented stores. The rate of stock turnover also increased with expanding dollar volume of sales. (Table 22, page 41).

3. Salaries of incorporated firms decreased in proportion to net sales in the larger size categories ranging from 23.53% to 20.70% of sales. Occupancy expenses followed a similar trend, while advertising expense showed the only substantial increase in ratio in the larger stores. Net profit ranged from a low of 1.47% in the smallest size of store to 5.50% in the largest. (Table 23, page 42).
4. Unincorporated jewellery stores were in a favourable position at December 31, 1948 in the relationship between current assets and current liabilities. Rented stores had \$3.68 current assets to meet every \$1.00 current obligation and owned stores had \$2.66. In owned stores net quick assets or working capital was 61% of net worth and rented stores, with less capital tied up in fixed assets, had 89c working capital for every \$1.00 of net worth. (Table 24, page 43).

Table 21. - Operating Results of Jewellery Stores - 1945-1946, 1948

Item	UNINCORPORATED			INCORPORATED	
	1945	1946	1948	1946	1948
Stores reporting No.	339	344	274	43	46
Average net sales per store \$	32,070	36,169	33,476	119,157	110,000
Average beginning inventory \$	8,178	9,852	13,557	28,811	40,593
Average inventory, end of year . \$	9,974	13,064	14,329	39,629	41,493
Stock turnover .. (times per year)	2.2	2.0	1.5	2.1	1.6
Gross profit	38.6	37.1	39.1	38.7	40.8
Operating expenses:					
Salaries and wages	9.7	10.1	11.9	16.3	21.2
Occupancy	5.2	5.0	6.0	4.9	7.1
Store supplies	1.2	1.2	1.0	1.2	1.1
Advertising	1.5	1.6	1.8	2.7	3.2
All other expenses	3.0	2.8	3.1	3.0	3.8
Total operating expenses	20.6	20.7	23.8	28.1	36.4
Net profit before deduction of income tax (1)	18.0	16.4	15.3	10.6	4.4

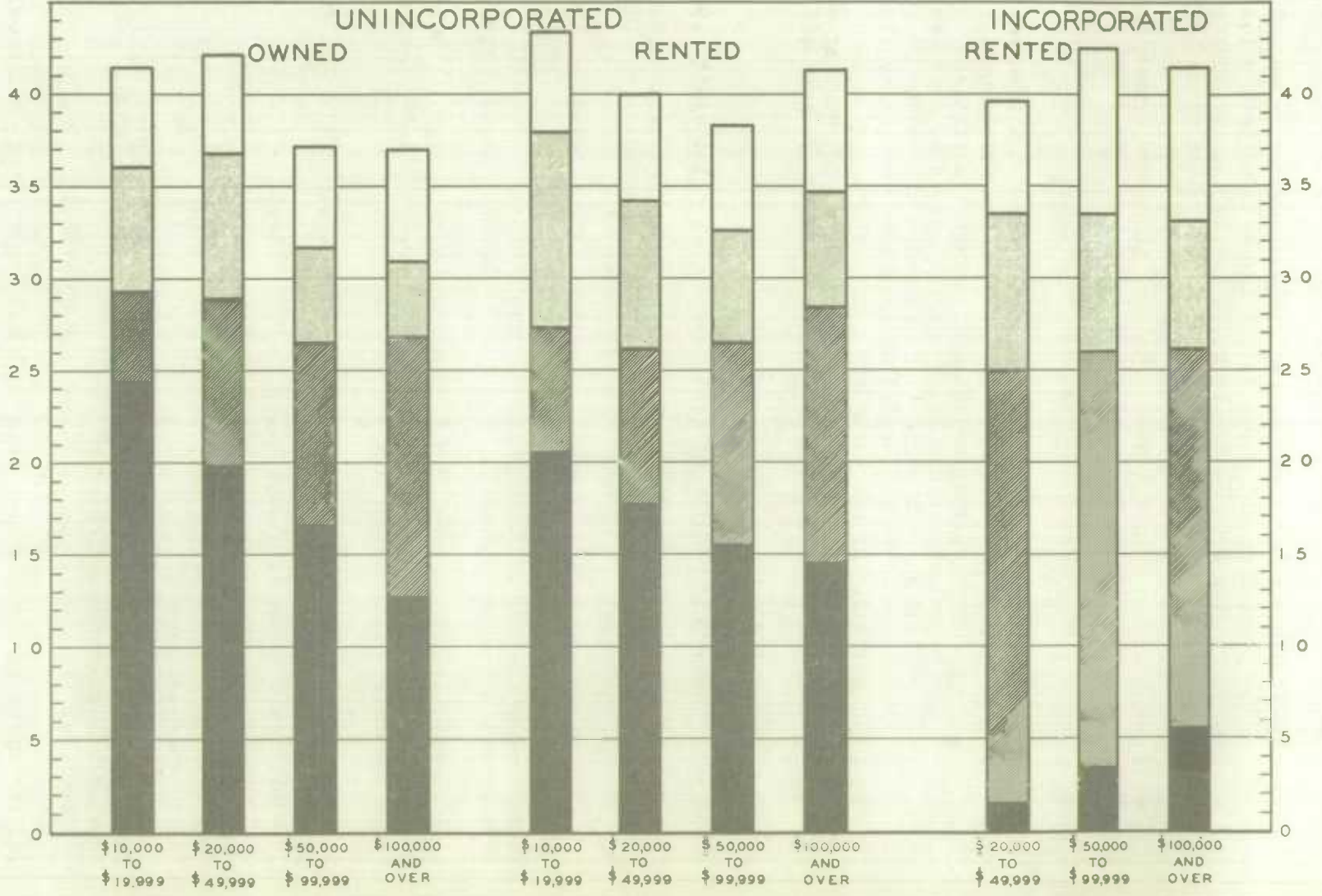
(1) For unincorporated stores this includes proprietors' salaries.

OPERATING RESULTS OF JEWELLERY STORES, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY

% OF NET SALES% OF NET SALES



NET PROFIT (FOR UNINCORPORATED THIS INCLUDES PROPRIETORS' SALARIES)
 SALARIES
 OCCUPANCY
 OTHER EXPENSES

Table 22.--Jewellery Stores - Operating Results of Unincorporated Stores Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	O W N E D				R E N T E D			
	Under \$10,000	\$10,000 to \$19,999.	\$20,000 to \$49,999	\$50,000 to \$99,999	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores	9	16	26	17	16	56	93	36
Average net sales per store \$	7,538	15,810	28,478	67,602	7,361	15,963	30,559	69,205
Average cost of goods sold \$	4,418	9,138	17,894	42,564	4,167	9,585	18,865	40,595
Average beginning inventory \$	3,356	7,660	12,162	19,907	5,605	8,233	13,108	25,991
Average inventory, end of year \$	3,799	7,735	12,666	20,524	6,100	8,730	13,727	28,359
Stock turnover (times per year)	1.23	1.19	1.44	2.11	.68	1.13	1.41	1.49
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	41.39	42.20	37.16	37.04	43.39	39.95	38.27	41.34
Operating expenses:								
Employees' salaries and wages	4.89	9.13	9.91	14.13	6.68	8.47	10.96	13.90
Taxes	1.90	1.31	.86	.76	.75	.56	.43	.36
Insurance .....	.91	1.18	.89	.83	.91	.92	.67	.70
Rent	-	-	-	-	5.84	4.12	3.08	3.60
Heat, light and power	2.00	1.81	1.15	.81	1.25	1.06	.69	.59
Repairs and maintenance	1.01	1.55	1.03	.73	.64	.68	.48	.39
Depreciation allowances .....	.93	2.09	1.22	.94	1.18	.66	.77	.63
Store supplies .....	.97	1.29	1.14	.90	1.34	.92	1.02	1.02
Advertising .....	.82	.94	1.44	1.82	1.67	1.59	1.65	2.40
Bad debts - written off	-	-	.20	.38	.02	.10	.08	.26
(Less) amount recovered	-	-	-	-	-	-	-	-
Net bad debt loss	-	-	.20	.38	.02	.10	.08	.26
All other expenses	3.56	3.15	2.69	3.02	2.52	3.20	2.95	3.02
Total operating expenses	16.99	22.45	20.53	24.32	22.80	22.28	22.78	26.87
Net trading profit before deduction of proprietors' salaries and income tax	24.40	19.75	16.63	12.72	20.59	17.67	15.49	14.47

Table 23.--Jewellery Stores - Operating Results of Unincorporated
and Incorporated Rented Stores Compared, 1948

Item	UNINCORPORATED		INCORPORATED		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	93	36	15	13	14
Average net sales per store \$	30,559	69,205	38,068	78,208	230,415
Average cost of goods sold \$	18,865	40,595	22,978	44,976	134,763
Average beginning inventory \$	13,108	25,991	19,648	42,048	64,193
Average inventory, end of year .. \$	13,727	28,359	21,782	42,043	66,265
Stock turnover (times per year) ...	1.41	1.49	1.11	1.07	2.07
PROFIT AND LOSS DATA					
(Per cent of net sales)					
Gross profit	38.27	41.34	39.64	42.49	41.51
Operating expenses:					
Employees' salaries and wages .	10.96	13.90	23.53	22.57	20.70
Taxes .....	.43	.36	.63	.45	.49
Insurance .....	.67	.70	1.07	.82	.76
Rent	3.08	3.60	4.67	4.09	3.85
Heat, light and power .....	.69	.59	.77	.76	.46
Repairs and maintenance .....	.48	.39	.37	.59	.50
Depreciation allowances .....	.77	.63	.94	.77	.84
Store supplies	1.02	1.02	.94	1.29	1.10
Advertising	1.65	2.40	1.86	3.26	3.58
Bad debts - written off .....	.08	.26	.03	.18	.43
(Less) amount recovered	-	-	.02	-	-
Net bad debt loss .....	.08	.26	.01	.18	.43
All other expenses	2.95	3.02	3.38	4.29	3.30
Total operating expenses	22.78	26.87	38.17	39.07	36.01
Net trading profit before deduction of income tax (1)	15.49	14.47	1.47	3.42	5.50

(1) For unincorporated stores this ratio includes proprietors' salaries.

Table 24.--Jewellery Stores - Financial Structure of Unincorporated
Stores by Size of Business, December 31, 1948

Item (⌘) (Average per store)	O W N E D			R E N T E D		
	\$20,000 to \$49,999	\$50,000 to \$99,999	Total	\$20,000 to \$49,999	\$50,000 to \$99,999	Total
	\$	\$	\$	\$	\$	\$
<u>Assets</u>						
Current assets:						
Cash on hand or in bank	3,504	5,944	4,448	3,528	7,237	4,904
Net accounts receivable	1,260	3,960	2,305	1,160	3,912	2,224
Merchandise inventory	12,157	19,804	15,117	13,856	30,724	19,744
Other current assets	284	1,866	897	968	2,348	1,363
Total current assets	17,205	31,574	22,767	19,512	44,221	28,235
Net fixed assets	10,581	12,064	11,155	1,841	4,114	2,562
Other assets	42	640	274	509	1,004	739
Total assets	27,828	44,278	34,196	21,862	49,339	31,536
<u>Liabilities and Net Worth:</u>						
Current liabilities	6,681	11,536	8,560	5,094	11,900	7,677
Other liabilities	2,727	1,992	2,443	615	1,109	747
Total liabilities	9,408	13,528	11,003	5,709	13,009	8,424
Net Worth	18,420	30,750	23,193	16,153	36,330	23,112
Total Liabilities and Net Worth ..	27,828	44,278	34,196	21,862	49,339	31,536
Sales	29,523	67,782	44,333	30,662	69,429	45,188
Net Profit	4,910	8,622	6,347	4,750	10,046	6,704
<u>Ratios:</u>						
Current assets to current liabilities	2.58	2.74	2.66	3.83	3.72	3.68
Current assets to fixed assets ..	1.63	2.62	2.04	10.59	10.75	11.02
Net quick assets to net worth ..	.57	.65	.61	.89	.89	.89
Liabilities to net worth .....	.51	.44	.47	.35	.36	.36
Sales to net worth	1.60	2.20	1.91	1.90	1.91	1.96
Sales to fixed assets	2.79	5.62	3.97	16.65	16.88	17.64
Net profit to net worth .....	.27	.28	.27	.29	.28	.29

(⌘) See definitions on page 5 for more detail description.

6. TOBACCO STORES

Tobacco stores are those in which the sale of tobacco and smokers' sundries forms more than 50% of total sales. Usually other merchandise is also sold, such as magazines, newspapers, confectionery, and novelties.

A total of 217 unincorporated tobacco stores submitted reports satisfactory for tabulation of profit and loss data. These were divided into sales-size groups between owned and rented stores. In some size classes there were too few returns to permit publication of results.

An insufficient number of firms reported balance sheet data to permit tabulation of average results.

The operating results of tobacco stores in 1948 are summarized below:

1. There was an increase in the gross profit of tobacco stores in 1948, but the counter effect of proportionately greater expenses left the net profit ratio the same in 1948 (7.9%) as in 1946. Most pronounced increases in operating costs were those for salaries and wages and "all other" expenses. (Table 25, page 44).
2. In 1948, gross profit ratios showed an irregular trend over the different sizes, ranging from 15.38% of net sales to 21.69%. Salaries increased in ratio in the larger size groups while occupancy costs decreased. Net profit ranged from 12.11% of sales in the smallest sales-size group to 7.44% in the largest. (Table 26, page 46).

Table 25. - Operating Results of Tobacco Stores, 1945-1946, 1948

Item	1945	1946	1948
Stores reporting No.	322	302	217
Average net sales per store \$	26,068	28,399	32,830
Average beginning inventory \$	1,799	2,073	2,972
Average inventory, end of year \$	1,955	2,386	3,170
Stock turnover (times per year)	11.7	10.8	8.9
Gross profit	15.9	15.6	16.5
Operating expenses:			
Salaries and wages	2.9	2.9	3.6
Occupancy	3.6	3.5	3.5
Store supplies .....	.3	.4	.4
All other expenses	1.1	.9	1.1
Total operating expenses	7.9	7.7	8.6
Net profit before deduction of proprietors' salaries and income tax	8.0	7.9	7.9

(Items expressed as percentages of net sales).

OPERATING RESULTS OF TOBACCO STORES, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + OTHER EXPENSES

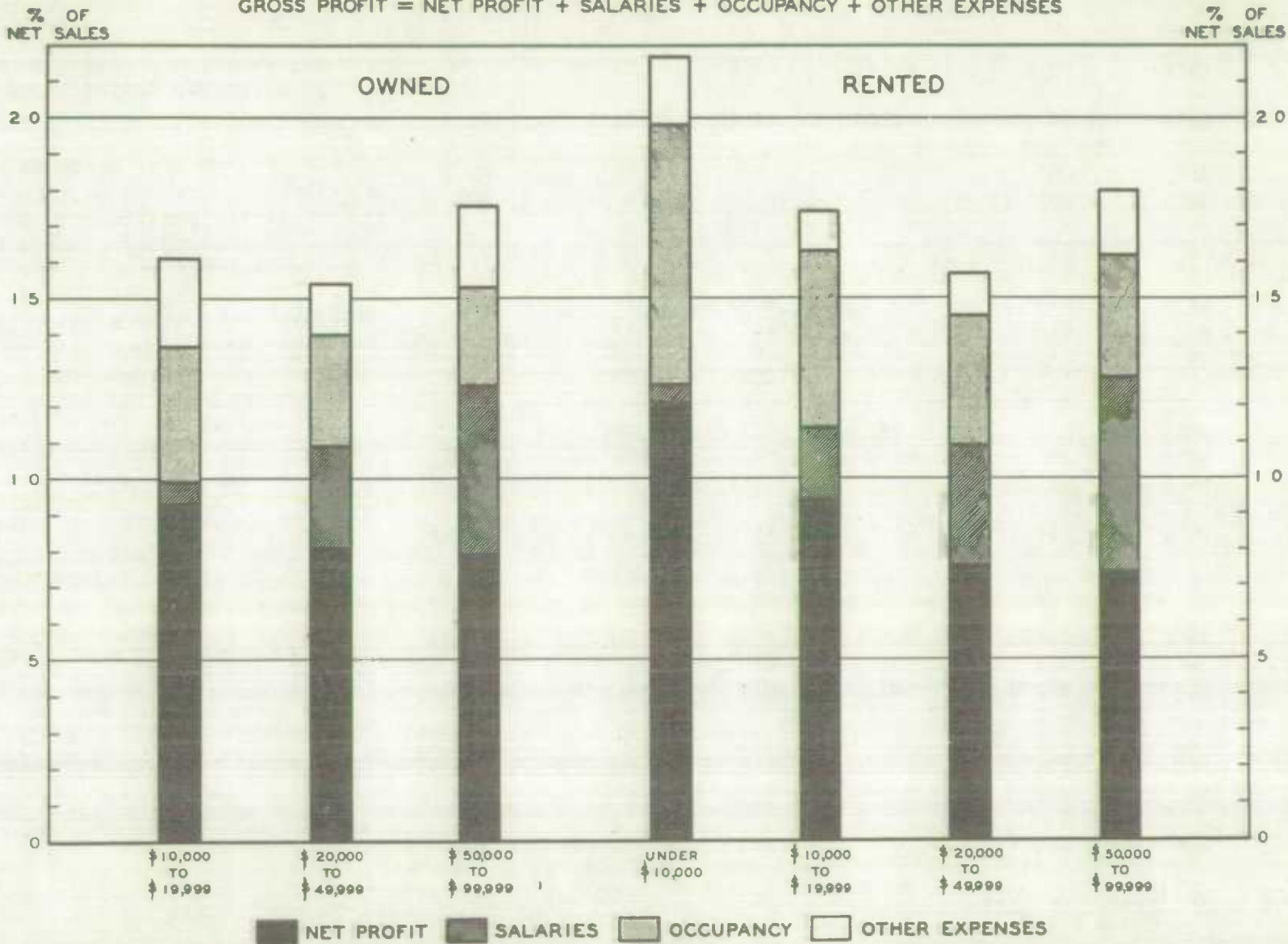


CHART 6.

Table 26.--Tobacco Stores - Operating Results Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	O W N E D			R E N T E D			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores reporting	10	32	9	11	33	94	24
Average net sales per store \$	16,587	34,039	66,889	7,618	15,852	32,096	67,198
Average cost of goods sold \$	13,917	28,804	55,111	5,966	13,092	27,069	55,099
Average beginning inventory \$	1,232	2,905	6,410	736	2,394	2,506	6,489
Average inventory, end of year \$	1,390	2,927	7,219	850	2,456	2,589	7,410
Stock turnover (times per year)	10.62	9.88	8.09	7.52	5.40	10.63	7.93
PROFIT AND LOSS DATA							
(Per cent of net sales)							
Gross profit	16.09	15.38	17.61	21.69	17.41	15.66	18.00
Operating expenses:							
Employees' salaries and wages .....	.62	2.83	4.67	.50	2.03	3.34	5.41
Taxes	1.22	.63	.72	.64	.27	.25	.25
Insurance .....	.34	.22	.25	.40	.19	.20	.21
Rent	-	-	-	4.36	3.12	2.06	1.98
Heat, light and power	1.23	.81	.53	1.22	.77	.47	.31
Repairs and maintenance .....	.25	.67	.53	.43	.47	.30	.34
Depreciation allowances .....	.75	.76	.71	.16	.12	.28	.26
Store supplies .....	.59	.35	.38	.58	.42	.29	.46
Advertising .....	.17	.08	.09	.09	.11	.11	.36
Bad debts - written off .....	.05	-	-	.31	.02	.02	.01
(Less) amount recovered	-	-	-	-	-	-	-
Net bad debt loss .....	.05	-	-	.31	.02	.02	.01
All other expenses	1.53	.90	1.83	.89	.50	.73	.97
Total operating expenses	6.75	7.25	9.71	9.58	8.02	8.05	10.56
Net trading profit before deduction of proprietors' salaries and income tax .	9.34	8.13	7.90	12.11	9.39	7.61	7.44

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