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1978

# NEW STATISTICS ON SMALL BUSINESS IN CANADA



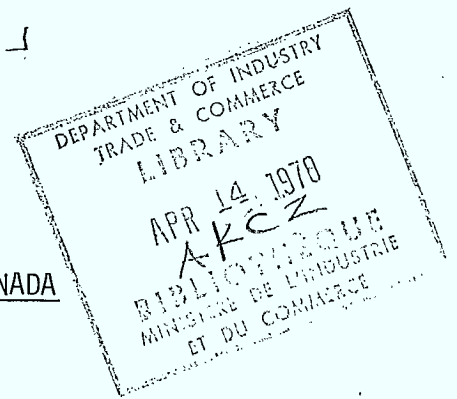
Minister of State  
Small Business

Ministre d'État  
Petite entreprise

Government  
of Canada

Gouvernement  
du Canada

Canada, Ministry of State for Small Business.



NEW STATISTICS ON SMALL BUSINESS IN CANADA

A REPORT PREPARED  
by the  
SMALL BUSINESS SECRETARIAT,  
DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE  
in cooperation with  
STATISTICS CANADA

First Edition  
January 1978



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Small Business

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du Canada

In September 1977 I announced a Ten Point Small Business Strategy for Canada which stated that "a statistical handbook on small business will be prepared and published by the federal government".

"New Statistics on Small Business in Canada" is a collaborative effort by the Small Business Secretariat and Statistics Canada designed to fulfil that promise. But at the same time I think it represents just a start on what we need to know about this major sector of the economy, and the research on small business facts will be continued.

Hon. A.C. Abbott, P.C., M.P.  
Minister of State  
Small Business

House of Commons  
Ottawa, Canada  
K1A 0A6

Chambre des communes  
Ottawa, Canada  
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## PREFACE

The statistics presented in this report constitute a basic statistical analysis of small business in Canada. These results are intended for use by researchers and advisors concerned with small business policy. As such the document is primarily a technical one organized in terms of the data sources from which information has been extracted.

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1. INTRODUCTION

a) Background and Content of Study

There has been increasing interest at the federal government level in the health and long term prospects of small business in Canada. This resulted in the appointment of the Minister of State for Small Business in 1976, and the announcement in the "Way Ahead" document that the government would develop comprehensive small business policies. Development of a comprehensive statistical data base was required to support this project and, accordingly, this study was prepared to provide background statistical information on the economic and financial status of small business in Canada.

Defining a business as either small or big is an extremely difficult task. Assessment of size can be based on a variety of criteria, such as assets, sales, equity, number of employees, type of ownership or profits. An alternate method might be to consider dominance in the corresponding industrial sector.

Many studies define business size based on the number of employees. Frequently, firms with less than 50 employees are considered small, but the survey of Manufacturing for Primary Industry (MAPID) conducted annually by Statistics Canada indicates a reasonable small versus big cut-off as 100 employees. The MAPID survey, however, is based on the physical establishment (or separate operating entity) rather than the legal corporation as a reporting unit and hence is not readily adaptable for business comparisons.

Generally, no one definition of small will suffice when a variety of different industrial sectors are being compared. Some firms, such as machinery manufacturers, may have substantial assets but relatively few employees, disproportionately low amount sales. Other businesses, such as food retailers may have substantial sales and a large number of employees, but relatively less profit.

In addition to the problems created by the characteristics of firms in different industries, there is another dimension to the definitional problem related to data availability. The characteristic upon which size is being determined - assets, sales or employees - must be universally available for all firms being studied. This becomes an extremely important problem when the study derives data from a number of different sources.

The determination of business size in this study is based on "sales" for the simple reason that detailed characteristics of the entire business universe was available only on this basis. Rather than propose an ad hoc definition of small versus big, this study classifies all businesses by their magnitude of sales into one of six possible categories or classes. This method of subdivision delineates the characteristics of firms as the size of sales increases, and avoids defining an artificial division between big and small. This approach allows the data to "speak for itself".

Results of the study cover six stages. The first includes a basic statistical description of *all* business in Canada as a background against which to examine the characteristics of *small* vs. *big* business. This information is presented in the form of a profile, showing for a spectrum of business size, the corresponding spectra of sales volume, number of businesses, earnings ability and profitability.

The next stage disaggregates the 'all of Canada' data described above by geographic region (Provinces & Territories) and by industrial sector. The third stage, again for all of Canada, describes the profile of ownership for incorporated as well as unincorporated businesses by size. The fourth stage, also for all of Canada, makes financial ratio comparisons for a spectrum of business size and a fifth stage describes financing and bankruptcy trends. Finally, a sixth stage describes a profile of employment by business size and this is further disaggregated by industrial sector.

It is possible, in a study of this nature, to extend the analysis to smaller and smaller classifications or subdivisions of all businesses. Although this study divides the business universe by size and by either region, industrial sector or ownership, clearly this could be extended to more detailed disaggregations. For example, one could look at all businesses in a province for each industrial sector. Alternately, one might look at all business in a province by ownership. As the statistics are more finely disaggregated, data reliability problems become more pronounced. For this reason the present study has stopped short of such detailed disaggregations.

b) Methodology

i) Survey of data sources

A number of potential sources of business information were scanned for compatibility and substance with regard to our earlier mentioned data requirements. This search included: Revenue Canada; Consumer and Corporate Affairs; Industry, Trade and Commerce; Statistics Canada; Department of Regional Economic Expansion; Labour Canada; Finance; Anti-Inflation Board; Federal Business Development Bank; Bank of Canada; Dun and Bradstreet; Canadian Federation of Independent Business; Canadian Stock Exchange and the Economic Council of Canada.

Given the time constraint of this project, it was decided to produce as comprehensive and detailed a picture of the business universe as possible using source data from Statistics Canada, complemented to some extent with data readily available from other sources.

For example, required data on business financing sources and trends was already available in aggregate form at the Bank of Canada and the Federal Business Development Bank. Since an overwhelming amount of information on business is collected at Statistics Canada, it was felt that exclusion of the other sources was justified for this preliminary study of Canadian business.

There are three principal sources of data on Canadian business at Statistics Canada. The first major source is the various sample (or census) surveys conducted at varying intervals at the establishment reporting level. Detailed business data is available from several of these surveys, notably the annual Census of Manufacturing, the quinquennial Census of Merchandising, and a number of annual or quarterly surveys for the transportation, wholesale, retail, construction, and service sectors. The problem with using survey data relates to data compatibility and inference problems that ensue when combining the different survey estimates. In addition the reporting of data at the establishment level (rather than the company level), and the extended time required for data extraction from the survey files presented additional obstacles to use of this data source. Accordingly, this data source was not used.

The second major source is the Tax Record Access Sub-Division. This division has access to the T1 unincorporated income tax return records provided in special form to Statistics Canada from Revenue Canada. An unduplicated historical sample of T1 records from the 1972 through 1974 tax years provided a detailed representation (after appropriate weighting) of the 1974 unincorporated business year. This data included gross and net business income, type of ownership, provincial and industry sector breakdowns. This data source was used extensively.



The third major data source is the Business Finance Division. This division obtains transcripts of all T2 income tax returns of corporations from Revenue Canada. Statistical data includes gross and net income, assets, taxable income and equity. Also, segmentation of the data allows identification of ownership and industry from these universe transcripts. After initial assessment of this data at Statistics Canada, a sampling procedure is used to select a representative sample of T2 files from which a complete transcription of all data elements is obtained. This micro-data includes hundreds of data items taken from balance sheet and income statements, from which the annual Statistics Canada Publications, Corporation Financial Statistics (1) and Corporation Taxation Statistics (2), are produced. This data source was used extensively.

ii) Description of relevant Statistics Canada data procedures.

Selecting data aggregations.

As noted earlier, the primary objective of this study is to describe the business universe with respect to size. The only indication of size that is common to both unincorporated as well as to incorporated businesses, if Statistics Canada data is used, is sales.

The term sales is actually defined slightly differently for the incorporated and unincorporated data sources. For the unincorporated data, sales is defined as reported gross business income. Normally, this will not include investment, rental or employment income, as these items are separately entered onto the T1 income tax form.

The definition of sales for the incorporated sector emanates from Revenue Canada. In general, all major revenue items are included in sales. Sales, for financial ratio comparison, also includes non-recurring items such as capital gains and losses. Corporate dividends have also been included.

Six sales classes were chosen to sufficiently trace the transition from small to big. These sales classes were selected from preliminary analysis of the 1973-1974 T1 (unincorporated) and the T2 (incorporated) data files as follows:

- Class 1. Annual sales less than \$50,000.
- Class 2. " " greater than \$50,000 but less than \$250,000.
- Class 3. " " greater than \$250,000 but less than \$1,000,000.
- Class 4. " " greater than \$1,000,000 but less than \$2,000,000.
- Class 5. " " greater than \$2,000,000 but less than \$5,000,000.
- Class 6. " " over \$5,000,000.

. Sampling procedures

The unincorporated business universe was derived using the following sampling plan. The 1974 T1 sample was constructed by using a stratified sampling plan, with sales (gross business income) as the stratifying variable. The sample drawn consisted of 109,149 records. Businesses with more than \$50,000 in sales were sampled more frequently than those with less sales. Weight adjustments were then applied to give unbiased estimates for 1974 (for all tabulated cells with sufficiently large samples).

The Tax Record Access Subdivision decided to exclude business entities recording less than \$5,000 in sales or more than \$2 million in sales. Businesses with less than \$5,000 in sales were not considered true full time businesses. This is supported in part by the fact that these tax filers also declare large amounts of employment earnings. Businesses with over \$2 million in sales were treated as data anomalies for their tabulation.

There is a problem, for the unincorporated sector, with respect to multiple partners. There is no direct adjustment of the sales by businesses owned by partnerships on the T1 tax reporting form. To avoid double counting and misclassification, corrected sampling weights were applied to adjust the partnership data; specifically, this corrected the number of businesses counted and the sales attributed to each partnership.

Further information on the sampling scheme for the unincorporated business sector is available from the Tax Record Access Sub-Division of Statistics Canada.

The incorporated data was taken directly from the census of T2 files available to the Business Finance Division of Statistics Canada. All corporations that declared no sales were omitted from the data. This significantly improved the reliability of the statistics of the lower sales classes.

The financial ratio comparisons for incorporated businesses for 1972 and 1974 were produced based on a sample of incorporated businesses. The sample is drawn from T2 files of incorporated businesses. For the sampled businesses, detailed financial data is produced from information submitted with the tax return.

A representative sample of 22,390 corporations in 1972 and 24,811 corporations in 1974 was produced from a universe of 213,738 and 253,125 respectively. All corporations having sales or assets greater than \$5 million or profits greater than \$250,000 were included in the sample. The remaining corporations were chosen by stratified sampling techniques primarily using asset size as the selection criterion.

Further information on the sampling design may be obtained from the Business Finance Division of Statistics Canada.

. Reliability considerations

The following comments relate to reliability of the sampling designs. The sampling variation of estimates both for the unincorporated and incorporated sampling plans should not exceed 15 to 20% error for the aggregate statistics in each sales class grouping. In most cases, moreover, for sales of \$1 million and greater, the sampling error should be quite small or even negligible.

There are other sources of error which may enter the tabulated statistics. Misclassification errors may arise possibly due to respondent error or to coding errors. A sampling design effect may occur due to the non-correlation of the classification criterion, which is sales size, with the sampling design criterion, which is assets. For the incorporated sector computer storage considerations required rounding of data to the nearest thousands. This would clearly cause some error for the smallest sales class statistics. Another source of error may occur due to editing and imputation effects on the data.

In summary, where the sample size was sufficiently large, errors related to sampling and other effects are likely to be small enough to ensure a high degree of overall data reliability. It is cautioned that even a large sample size does not necessarily preclude biased results caused by a significant systematic error in the data. Only intensive further analysis on suspect tabulated statistics can ensure overall data reliability.

Our subjective assessment of the data follows.

Results tabulated for unincorporated and incorporated sectors in Chapter 2 (with some outliers excepted) appear to be very accurate. Financial ratios tabulated in Chapter 3 should be treated with caution, especially for the first and second sales classes. The main problem here is the small sample size and the non-sampling errors which may affect the tabulated results. Nevertheless, the financial ratio results should reflect reasonable longitudinal patterns for various sales groupings for 1972 and 1974, especially for groupings above \$1 million.

iii) Technical comments on the tabulated statistics

The profile of business in Canada is developed with four descriptive statistics. The first of these is the number of businesses. This statistic is self-explanatory. All businesses in Canada are included, with the exception of about 27,000 small incorporated businesses which were deleted because they reported no sales. The number of unincorporated businesses was reduced by about 130,000 businesses which reported sales of less than \$5,000. In addition, unincorporated businesses with more than \$2 million in sales were removed from the data. This reduction was based on experience at Statistics Canada and was premised on the feeling that businesses reporting less than \$5,000 in gross revenue are mostly part time endeavours, those with \$2 million are data anomalies.

The second statistic is sales. Sales represent total gross business revenue for corporations. For incorporated business,

this includes operating revenue directly attributable to the business, such as sales of products and services, as well as rental, investment and other income earned. For unincorporated businesses, rental, investment and other income is usually separated on the tax form. Therefore only income directly attributable to the business was included. In addition, capital gains are usually separated for unincorporated businesses.

The third comparative statistic is pre-tax profits. Pre-tax profits is the income remaining after all expenses and provisions including interest on debt, and depreciation expenses have been deducted but prior to the deduction of income taxes. For compatibility purposes, pre-tax profits here include non-recurring items (for incorporated businesses). The pre-tax profit figure has been used for two reasons. For unincorporated businesses, profits of the business are taxed at the individual's tax rate. Profits for incorporated businesses are taxed at corporate rates (usually about 50%). These differences in tax rates may cause two similar businesses, one incorporated, the other unincorporated, to earn entirely different profits after tax. Second, the actual tax liability is very much a function of the ability of the business to defer tax and of the tax abatements provided by governments to accelerate business expansion. It is not solely related to the income producing ability of the enterprise.

The fourth comparative statistic is pre-tax return on sales. This is simply pre-tax profit divided by sales. This statistic provides one measure of efficiency for all businesses.

One further problem must be recognized at this point. Incorporation provides a legal separation between ownership, and the business entity.

However, profits are extracted through either salaries or dividends. For unincorporated business, the salary of the owner/manager, or self-employed individual, as the case may be, is the residual profit reported after business expenses are deducted from business revenues. Since the salary of the owner of the business will be treated as an expense for incorporated businesses but not for the unincorporated, the latter will appear to be more profitable, *ceteris paribus*.

In the long run, income tax policy allows the owner of a small business to realize similar after tax profits whether or not he incorporates. This is done through the small business deduction and through the ability to withdraw profits through dividends. The small business deduction, which is applicable to certain small businesses, provides a reduction in the corporate rate of tax to approximately 25% from 50%. If profits are removed as dividends, the individual's dividend tax credit, will cause the profits to be taxed at the individual's personal rate, with an effective credit given for the 25% tax previously paid within the corporation. Therefore, after tax earnings accruing to the owner of small businesses are approximately the same in the long run whether or not the business is incorporated or unincorporated. The summary below provides a comparison of definitions, as used in this study pertaining to incorporated and unincorporated businesses.

ITEM	INCORPORATED BUSINESSES	UNINCORPORATED BUSINESSES
Sales	Includes capital gains, dividends and other revenue items such as rental and investment income.	Excludes capital gains, dividends and other revenue items such as rental and investment income.
Pre-tax Profits	Wages of the proprietor may be included as a salary item.	Wages of the proprietor are excluded from salaries, since the business entity and ownership are not differentiable.
Taxes	Taxes are calculated using corporate rates (about 50%) subject to special abatements such as the small business deduction.	Taxes are calculated at the personal tax rates of the proprietor.
Return on Sales		Return on sales will usually be higher for small business, since the salaries cannot be declared as an expense for the proprietor.



2. STATISTICAL PROFILE FOR UNINCORPORATED AND INCORPORATED SECTORS - 1974

a) Introduction

i) All Canada profile

The distribution of all businesses in Canada, both incorporated and unincorporated, is tabulated over six sales classes. This provides a comprehensive picture with respect to the number of businesses, sales, pre-tax profits and pre-tax return on sales for small versus big business.

ii) Provincial Profile

The provincial profiles depict both incorporated as well as unincorporated business in each province over the range of six sales classes. The descriptive statistics employed are the number of businesses, sales, pre-tax profits and pre-tax return on sales.

A problem arises in the construction of the provincial profiles. Much of the sales and profits generated in Canada are provided by large businesses operating in more than one province. In 1974 only 0.7% of businesses were multi-province businesses. These businesses, however, accounted for 36.5% all business sales. The only method available to allocate sales and net income provincially for multi-province corporations is to use a taxable income proxy. If the corporation has taxable income in a number of provinces, then sales and net income are divided among the provinces in the same proportion as taxable income, for purposes of this study. For example, if corporation X declares 20% of its taxable income in Alberta and 80% in Manitoba, then sales and profits are apportioned identically.

If the company declares no taxable income, the sales are allocated to the principal district tax office of the corporation. This may be a significant source of bias in the provincial profiles if the no taxable income companies are large.

The provincial allocation by the tax department (2) is based on the proxy:  $\frac{1}{2}(r/R + s/S) T1$ : where  
r is the sales for year attributable to a jurisdiction;  
s is the salaries and wages attributable to a jurisdiction;  
R is the total sales for the corporation for the year;  
S is the total salaries and wages for the corporation of the year;  
T1 is the taxable income allocated.

This proxy appears to be relatively effective for attributing sales but less effective for the allocation of pre-tax profits. Computer pre-tax rates of return on sales are not very meaningful for the largest sales class, since a large proportion of sales and of profits in that class derives from multi-province corporations. Return on sales comparisons should therefore be used cautiously.

iii) Industrial profile

The business universe is profiled for each industrial sector over the range of sales classes. The descriptive statistics are number of businesses, sales, pre-tax profits and pre-tax return on sales.

The industrial sectors selected are derived by collapsing the 182 industrial classifications used by the Business Finance Division of Statistics Canada into nine (9) major categories. The 182 industries come from the 1960 Standard Industrial Classification (SIC) Manual (3). Following, is a brief description of the industrial sector breakout with SIC classifications included. The SIC Manual was modified

somewhat in 1970 to provide more specific description for some industry classifications which were previously more aggregated. Nevertheless, the 1970 SIC classification did not significantly affect the 1960 breakout at the aggregate level presented here. The following order of collapsed industry groups is the convention used in the figures and tables of this report.

1. Primary manufacturing (SIC, <sup>291</sup> to 300 inclusive)

Primary manufacturing generally includes industries which process from the raw material state. This category includes classifications such as primary metal industries, metal fabricating, machinery, petroleum and coal product industries, and chemical products.

2. Secondary manufacturing (SIC 101 to 280 inclusive)

Secondary manufacturing generally includes industries engaged in processing and manufacturing already processed materials. Included in this category are industries such as food and beverage, tobacco products, leather, textiles, knitting mills, clothing, wood and furniture.

3. Transportation (SIC 501 to 519 inclusive)

This group includes all transport modes such as air, rail, water, truck, bus, urban transit and pipelines.

4. Construction (SIC 404 to <sup>4</sup>521 inclusive)

This encompasses general contractors, and special trade contractors.

5. Wholesale trade (SIC 602 to 629)

This classification includes wholesalers of products; generally, including farm products, energy products, merchandising, durable, non-durables, machinery and building materials.

6. Retail trade (SIC 631 to 699 inclusive)

The Retail Trade Sector includes a wide spectrum of retailers such as food, durables, non-durables, drugs, florists, alcoholic beverages, jewellery and watch repairs, and books.

7. Services (SIC 801 to 991)

Services include education and related services, commercial health services, services to business management, amusement and recreation, personal services, and accommodation and food services.

8. Finance (SIC 701 to 794)

The most important inclusions in the Finance sector are the banks and other deposit accepting establishments, other credit agencies, security brokers and dealers, investment and holding companies, insurance carriers, and real estate operators.

9. All other (all remaining classifications)

The most important classifications included here are agriculture, forestry, fishing and trapping, and mining, communications and public utilities.

Further detail may be obtained from the SIC manual.

Industrial codes for businesses are assigned on the basis of the codes for their constituent establishments. The establishment - typically, a factory, mine, store or similar unit - is defined for statistical purposes as the smallest separate operating entity capable of reporting basic industrial statistics. For businesses operating from only one establishment, classification is usually quite straightforward. When however, a business has several establishments engaged in different industries, classification is much more difficult. Such businesses are assigned on the basis of the largest share of value added or its equivalent.

Aggregating the industrial classifications into nine sectors reduces the misclassification problem somewhat because of the averaging process that ensues.

Rates of return are deemed to be somewhat more reliable for the incorporated sector, hence, discussion will be directed (for this statistic) solely to that sector. Pre-tax returns on sales are provided for unincorporated businesses in the tables in the appendix.

iv) Ownership profile

The ownership profile is constructed similarly to the profiles discussed previously. The business universe is profiled over six classes for each type of ownership. The descriptive statistics are number of businesses, sales, profit and pre-tax return on sales.

There are two general classes of business: unincorporated and incorporated. Unincorporated businesses are classified as either sole proprietorships or partnerships.

Corporations fall into four categories for income tax purposes. These categories are (1) Public corporations, (2) Private corporations, (3) Canadian-Controlled Private corporations, and (4) "Other" corporations.

A Public corporation, as defined by the Income Tax Act, must meet a number of criteria. The corporation must be resident in Canada. It must have at least one class of shares listed on a stock exchange in Canada, or alternately, it may be designated by the Minister to be Public.

A Canadian-Controlled Private corporation must, first of all, be a Private corporation. This provides the limitation of a maximum of 50 shareholders. In addition, the corporation cannot be controlled by non-residents or by a Public corporation. The corporation must be incorporated in Canada or resident in Canada continuously since June 18, 1971.

A Private corporation must not be a Public corporation nor be controlled by a Public corporation. In general, a Canadian subsidiary of a foreign corporation is considered Private unless it has a class of its own shares listed on a prescribed Canadian stock exchange.

The classification "Other" is used for any corporation which does not fall within the definition of a Canadian Controlled Private, a Private or a Public corporation. A Canadian subsidiary of a Public corporation will be defined as "Other"

unless its shares are listed on a prescribed Canadian stock exchange - in which case it will be defined as a Public corporation. Corporations with a special structure, such as cooperatives, will also be included here.

b) Analysis

i) All Canada profile

In 1974 there were 614,047 smaller businesses in Canada. This number is less than the one published by Revenue Canada due to the exclusion of corporations with no sales, and unincorporated businesses with either less than \$5,000 in sales or over \$2 million in sales. As may be seen in Figure 2.1 the 360,922 unincorporated businesses accounted for only \$20.1 billion of sales. All other businesses combined registered \$294.2 billion in sales. Excluded here are professionals, those on commission income, farmers and fishermen.

Table 2.1 provides much greater detail with respect to the division between unincorporated and incorporated businesses. Numerically, most of the unincorporated businesses (69.5%) fall into the smallest sales class range. A large part of the remainder are in the next smallest sales class. Virtually all unincorporated businesses have gross sales of less than \$250,000 (Figure 2.2).

Figure 2.3 provides a comparable picture of all incorporated businesses. The largest proportion of incorporated businesses is in the next to smallest sales class range. The largest class range (over \$5 million), which is clearly part of the "big" business sector, numerically accounts for

a very slight proportion of incorporated businesses (2.6%) but for a very large proportion of sales (68.9%). Figure 2.4 indicates that 95.3% of businesses produced sales of less than \$1 million. These businesses accounted for 20.0% of all reported sales.

ii) Provincial profile

For purposes of this section all businesses with \$1 million in sales or less have been defined as small. All businesses with sales greater than \$1 million are deemed large. This breakdown is not meant as a definition of small versus big but is made purely to facilitate the analysis.

Newfoundland

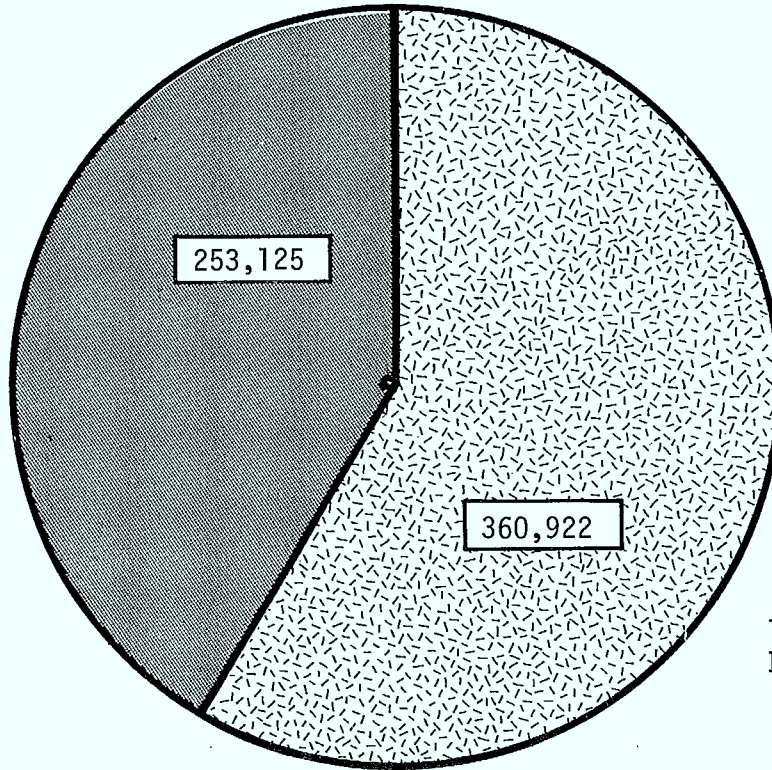
There were 8,178 businesses in Newfoundland in 1974, 5,349 of which were unincorporated. Total sales of all businesses amounted to \$3.2 billion - about 1.1% of all business sales in Canada. As is apparent from Figure 2.5, small businesses represented 95.2% of the businesses by number but only 25.3% by sales. Big businesses, while representing only 4.8% of all businesses by number, accounted for 74.7% of sales. Big businesses included in the over \$5 million sales class represented 54.1% of sales but were only 1% by number. See Table 2.2.

Prince Edward Island

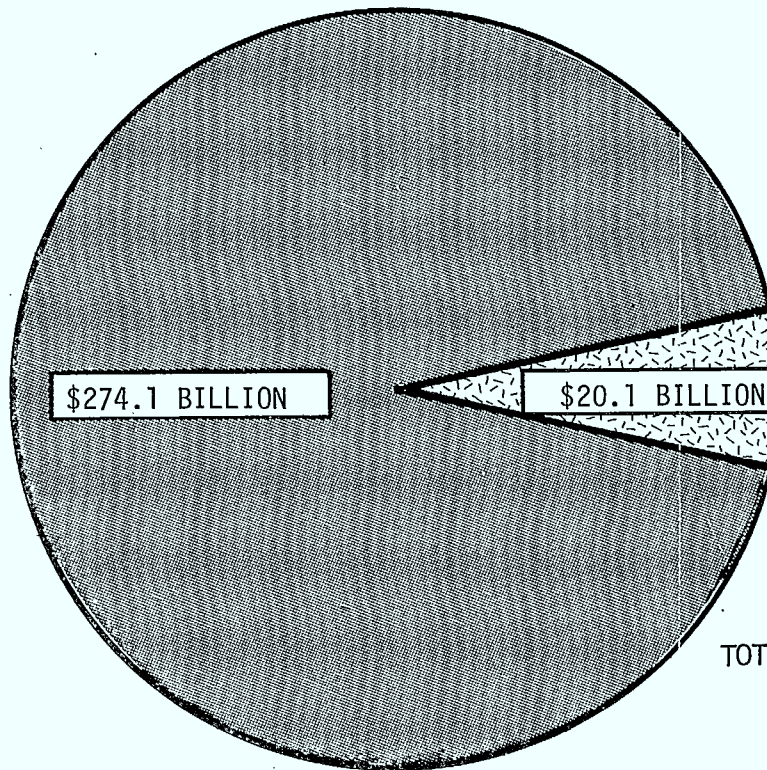
PEL presents a situation similar to Newfoundland. Small business, which represents 96% of all businesses by number, accounts for only 39.0% of sales. The big businesses (4.0% of the total) account for 61% of sales.



FIGURE 2.1: PROFILE OF ALL BUSINESS IN CANADA: 1974



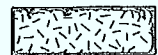
TOTAL NUMBER OF  
BUSINESSES: 614,047



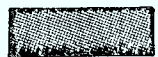
TOTAL SALES: \$294.2 BILLION

SOURCE: BUSINESS FINANCE DIVISION,  
STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION,  
STATISTICS CANADA.

UNINCORPORATED

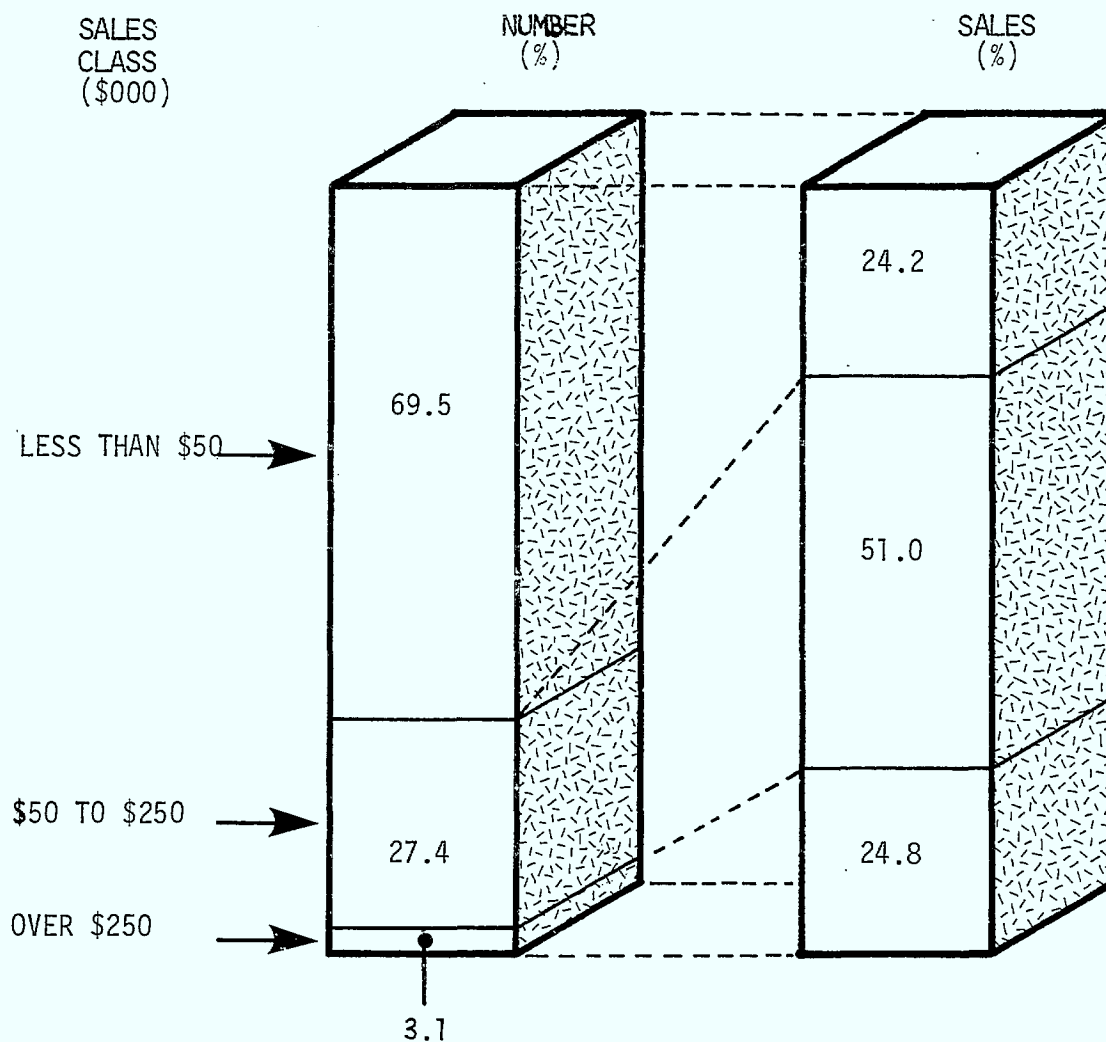


INCORPORATED



*Small Business Secretariat, Department of Industry,  
Trade and Commerce.*

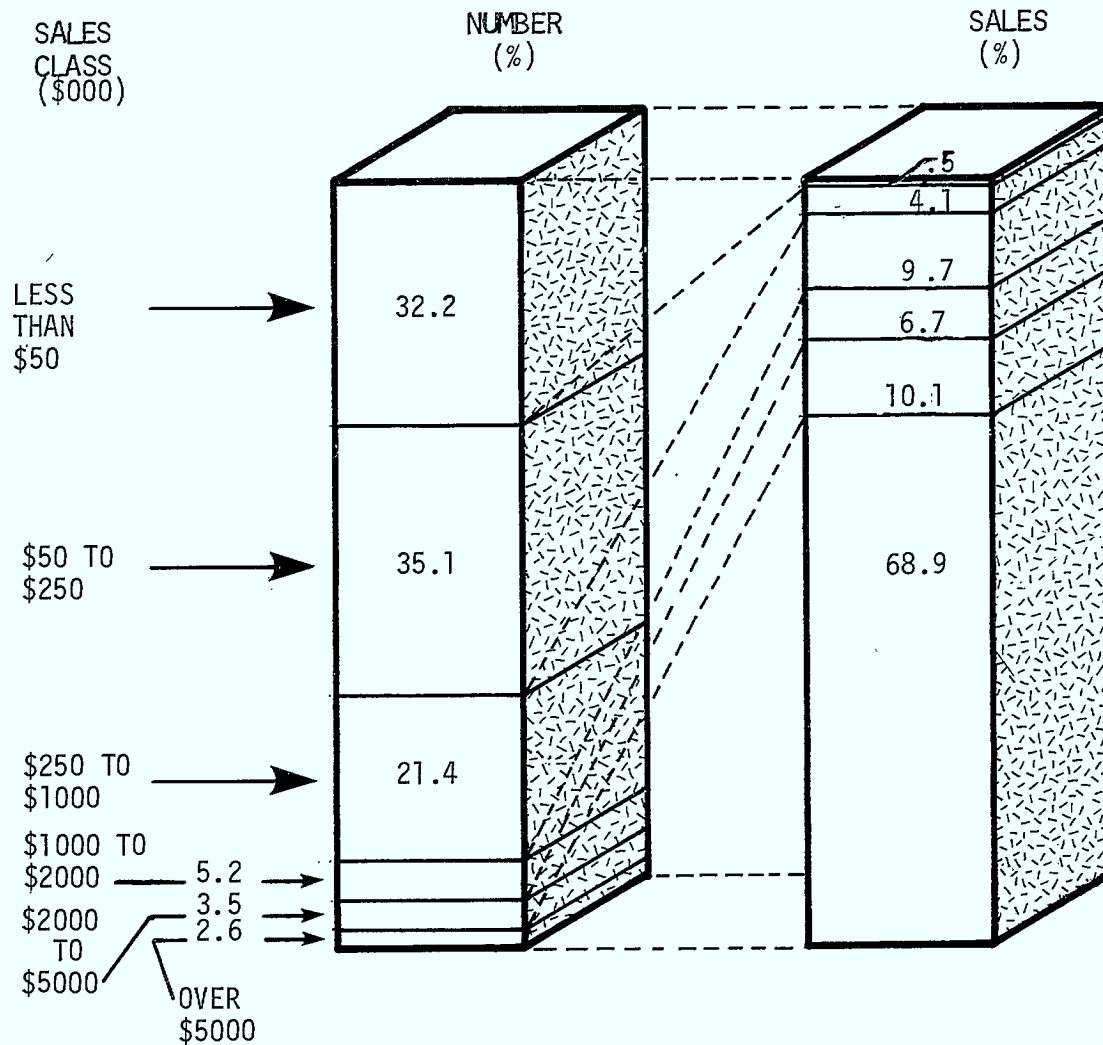
FIGURE 2.2: PROFILE OF UNINCORPORATED BUSINESS IN CANADA  
FOR VARIOUS SALES CLASSES: 1974



SOURCE: TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

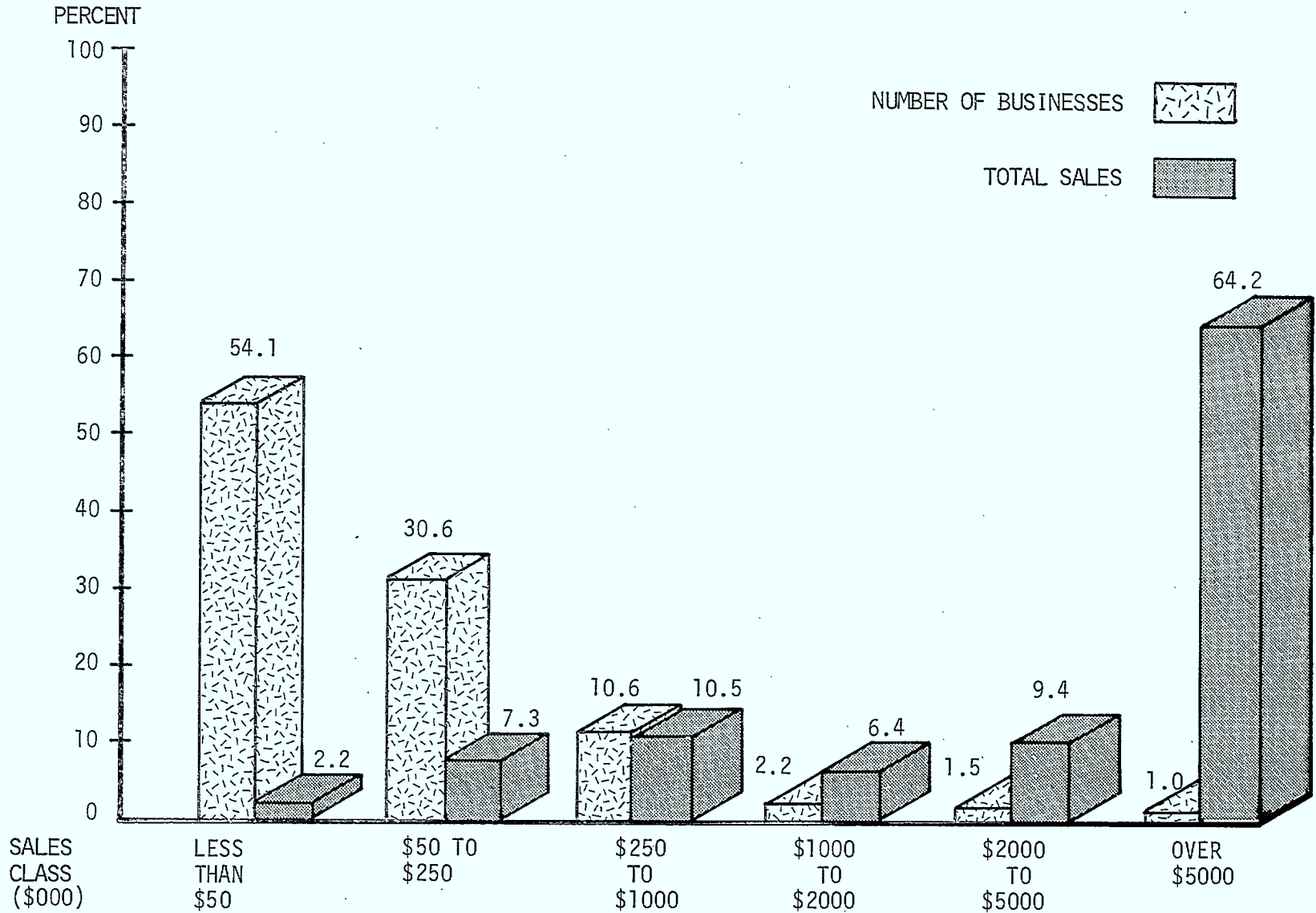
FIGURE 2.3: PROFILE OF INCORPORATED BUSINESS IN CANADA  
FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

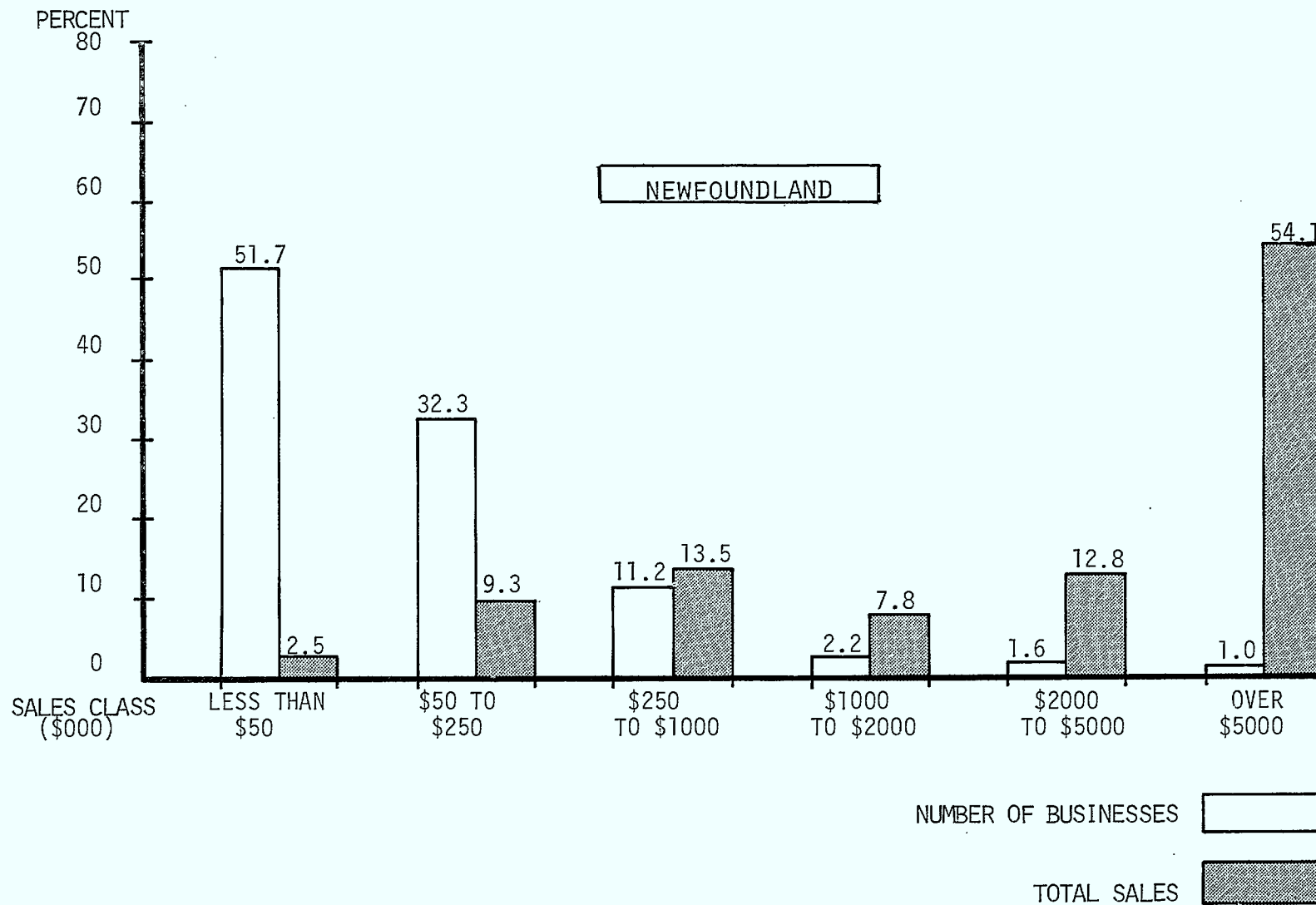
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FIGURE 2.4: PROFILE OF ALL BUSINESS IN CANADA  
FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

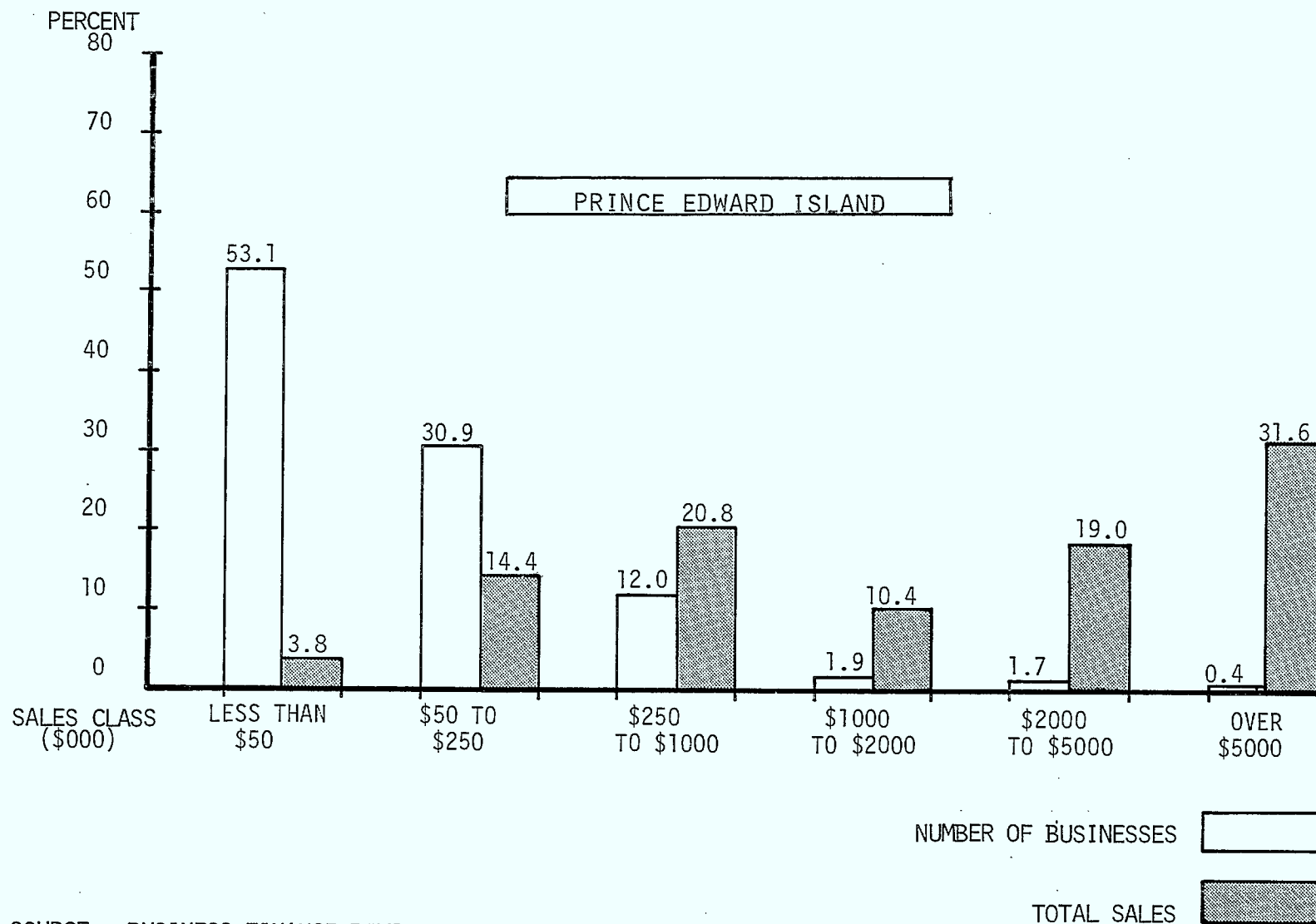
FIGURE 2.5: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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FIGURE 2.6: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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There were 2,516 businesses in Prince Edward Island, 1,557 of which were unincorporated. Sales in PEI of \$651 million were only 0.2% of the total for Canada. See Figure 2.6 and Table 2.3.

#### Nova Scotia

Nova Scotia had 17,323 businesses in 1974, including 10,933 unincorporated. Total sales of all businesses amounted to \$5.7 billion - about 1.9% of all business sales in Canada. About ninety-six percent of all businesses may be classified as small, 3.8% as big. The small businesses accounted for 26.7% of sales, whereas the big businesses accounted for 73.3% of sales. See Figure 2.7 and Table 2.4.

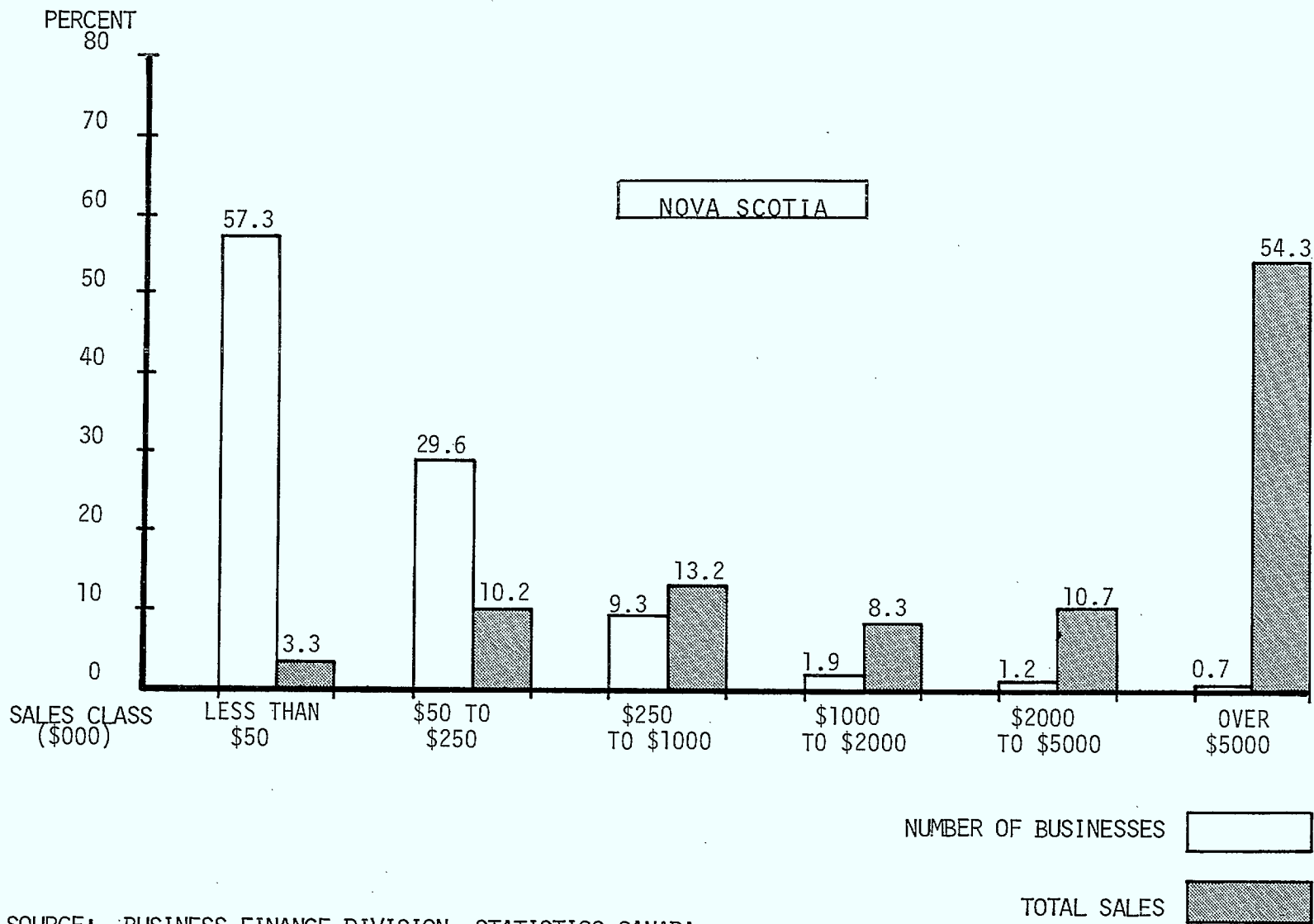
#### New Brunswick

There were 15,527 businesses in New Brunswick in 1974. Of this number 10,385 were unincorporated. New Brunswick recorded sales of \$5.4 billion, about 1.8% of the national total. Small businesses represented 96.3% of the number of businesses but accounted for 24.4% of sales. Big businesses accounted for only 3.7% of businesses by number but represented 75.6% of sales. Businesses in the over \$5 million sales class accounted for 58.6% of provincial sales but represented only 0.7% of all businesses. See Figure 2.8 and Table 2.5.

#### Quebec

Quebec business sales amounted to \$71.4 billion or 24.3% of the national total. There were 151,770 businesses in Quebec, 100,591 of which were unincorporated. The small businesses accounted for 94.8% of the businesses in the province by number

FIGURE 2.7: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974

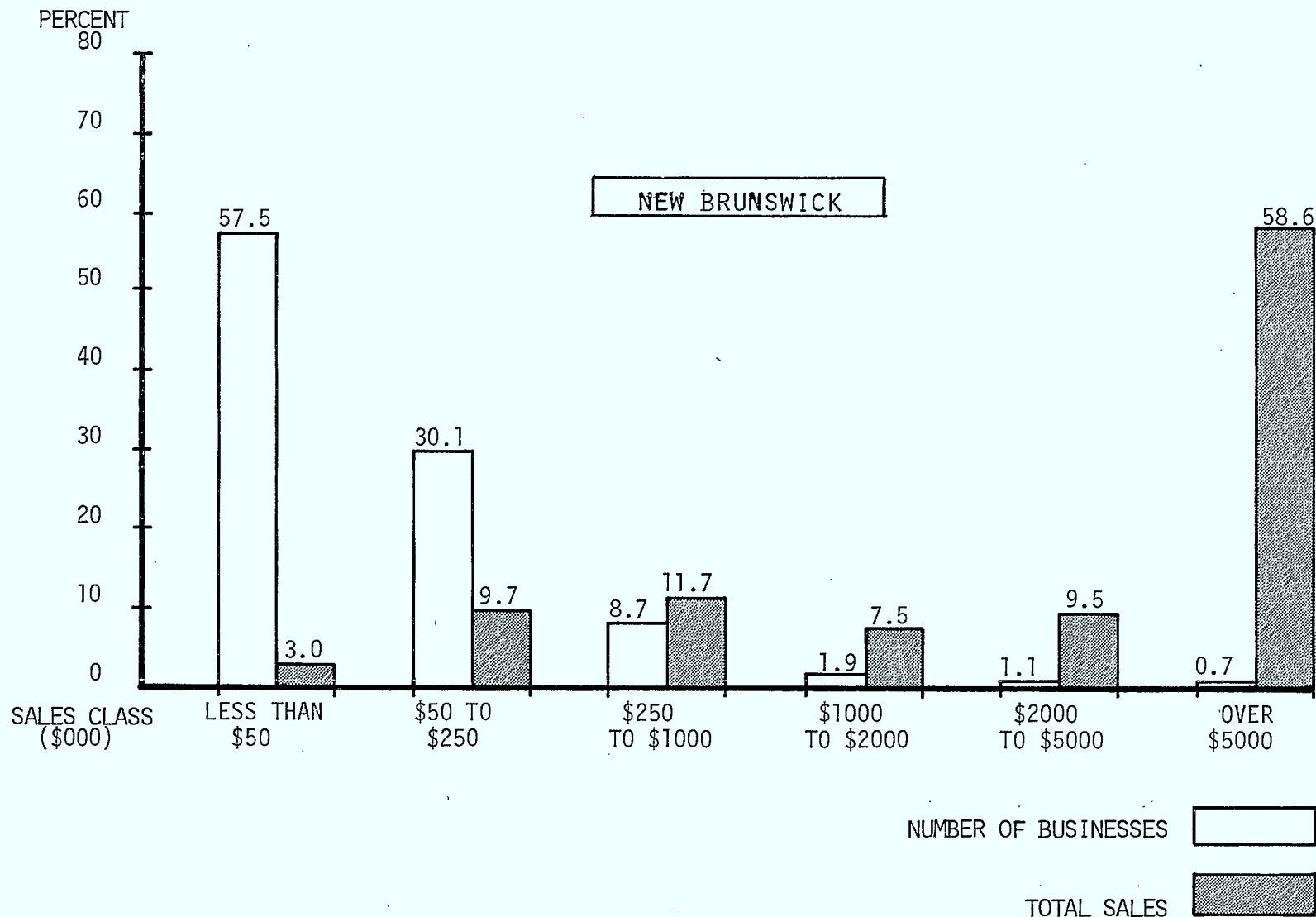


SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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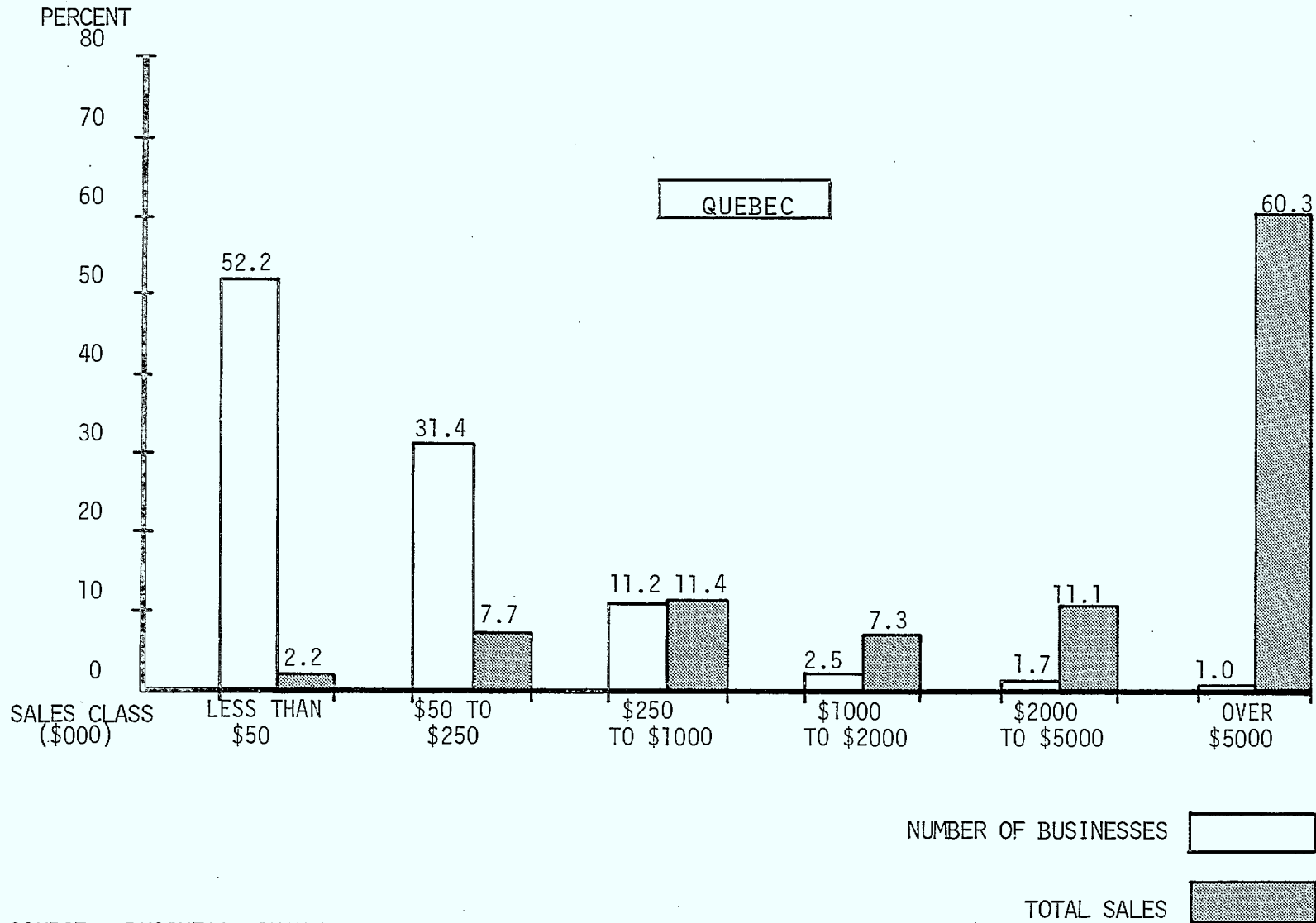
FIGURE 2.8: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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Department of Industry,  
Trade and Commerce.*

FIGURE 2.9: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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but represented only 21.3% of sales. Big businesses, although representing only 5.2% of the number of businesses, accounted for 78.7% of total sales in Quebec. See Figure 2.9 and Table 2.6.

#### Ontario

Business sales for Ontario amounted to \$120.9 billion or 41.1% of the national total. There were 226,306 businesses, of which 136,742 businesses were unincorporated. Ninety-five percent (95%) of the businesses fell into the small classification, while about five percent were big. However, the small businesses accounted for only 18.3% of business sales, while the big businesses accounted for 81.7% of sales. See Figure 2.10 and Table 2.7.

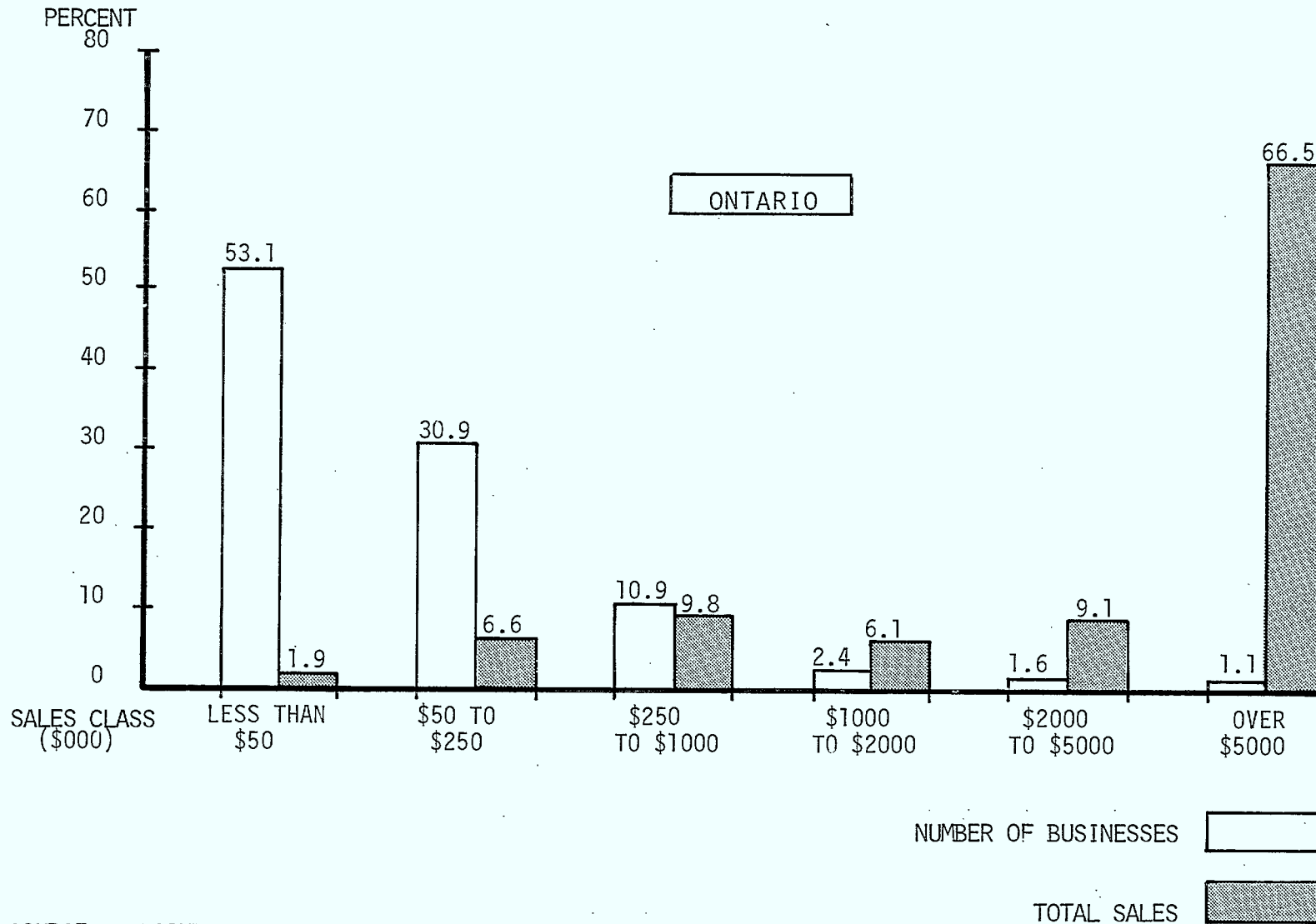
#### Manitoba

Manitoba had 24,541 businesses in 1974. Of this number 14,016 were unincorporated and 10,525 were incorporated. Total business sales of \$10.0 billion represented 3.4% of the national total. Small businesses in Manitoba represented 95.8% of the total number of businesses but only 22.4% of business sales. The big businesses accounted for 77.6% of sales, although they represented only 4.2% by number. See Figure 2.11 and Table 2.8.

#### Saskatchewan

There were 22,426 businesses in Saskatchewan in 1974, 13,450 of which were unincorporated. Small businesses accounted for 96.8% of the businesses by number but only 25.5% of total sales in the province. Big business, while representing only 3.2 % of the number of businesses, accounted for 74.5% of sales. Business sales of \$8 million represented about 2.7% of all business sales in Canada. See Figure 2.12 and Table 2.9.

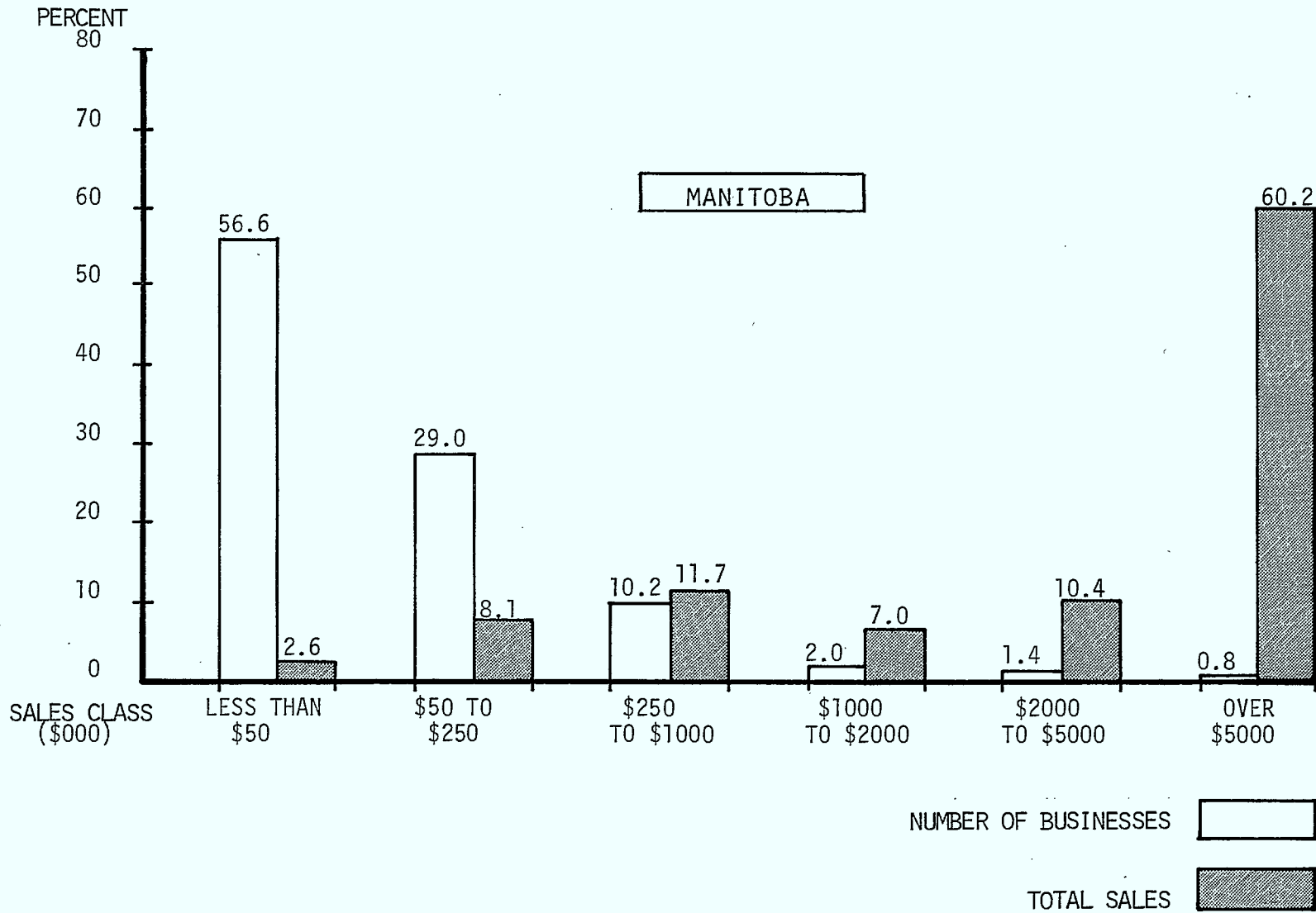
FIGURE 2.10: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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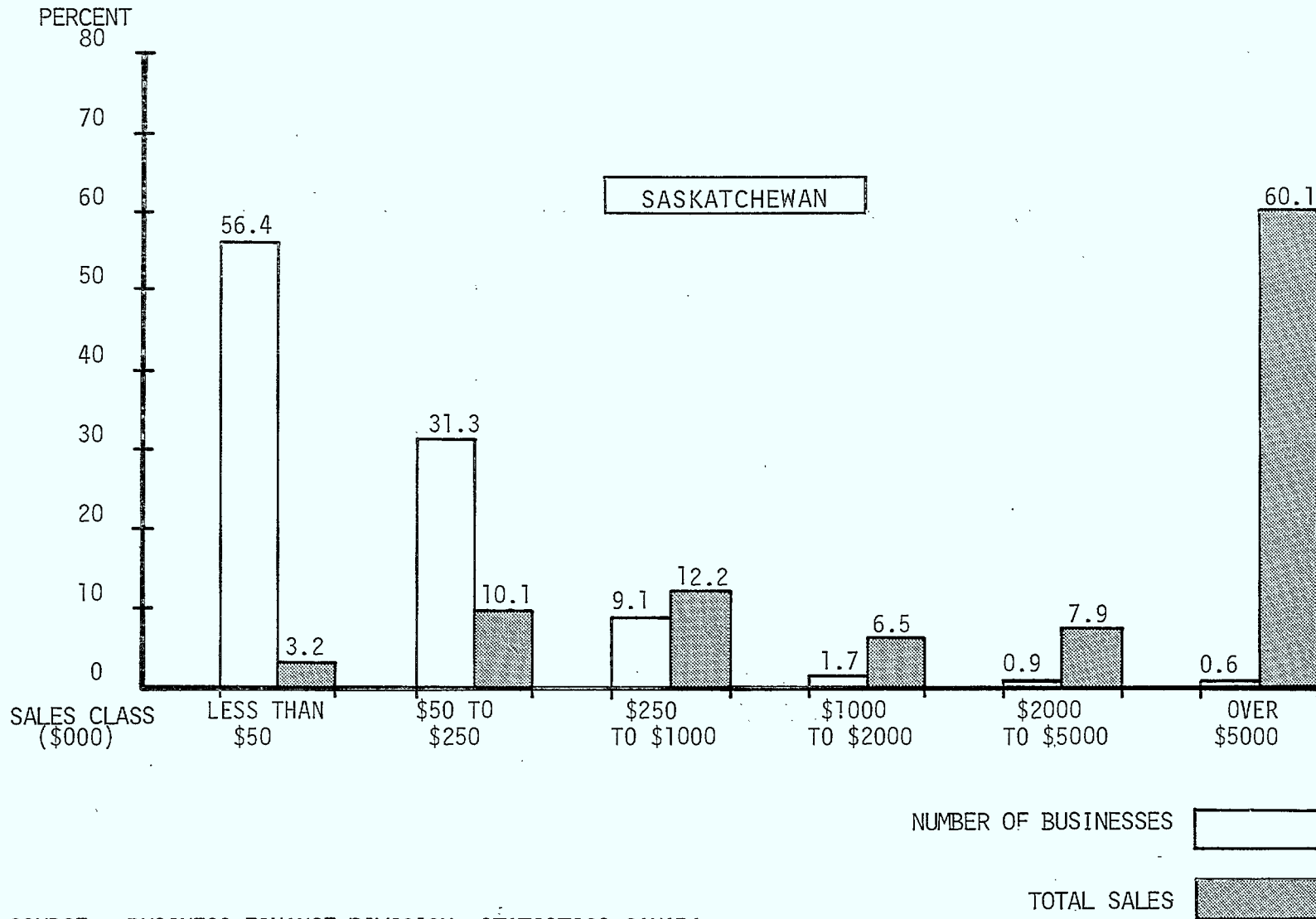
FIGURE 2.11: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

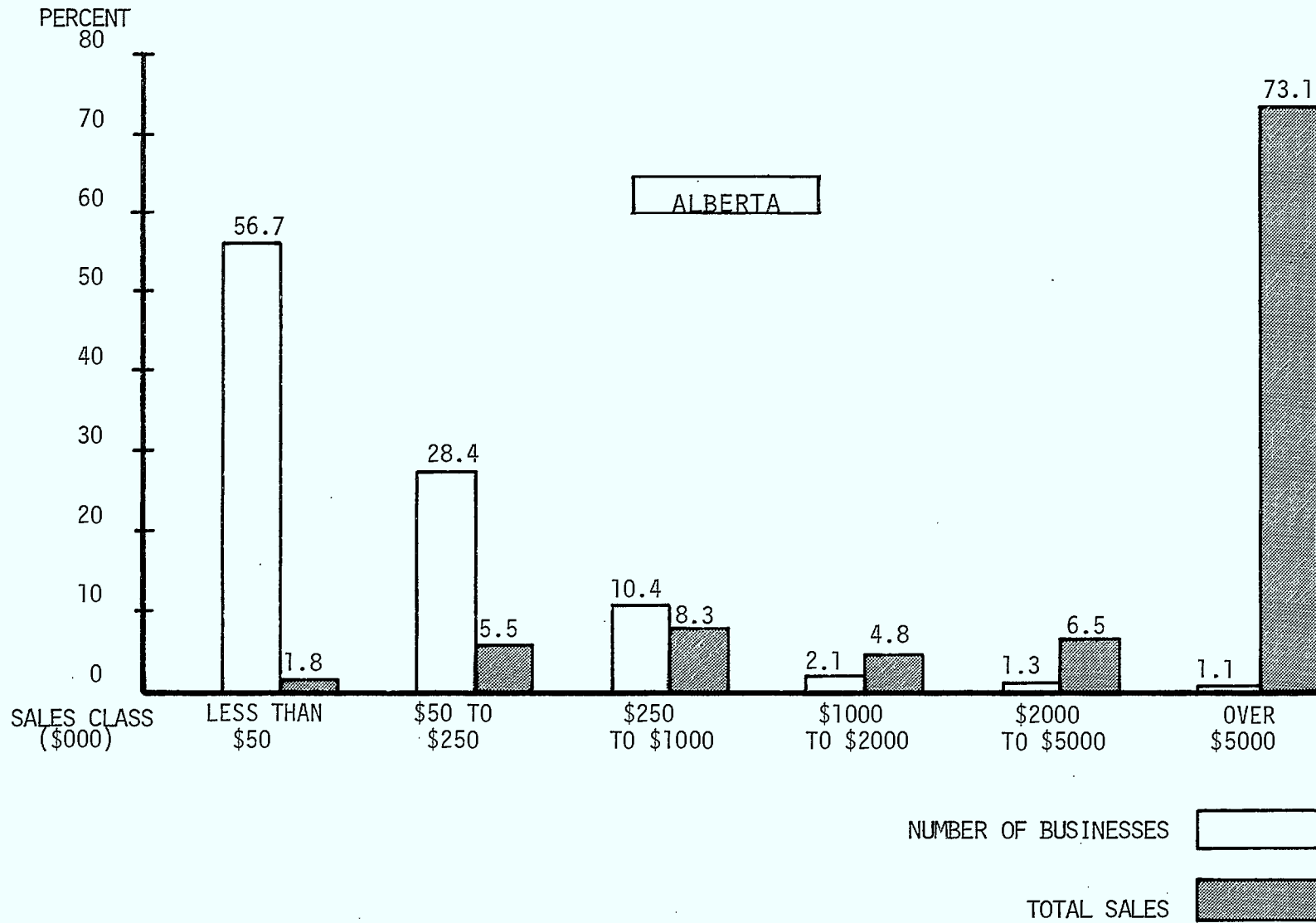
FIGURE 2.12: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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Department of Industry,  
Trade and Commerce.*

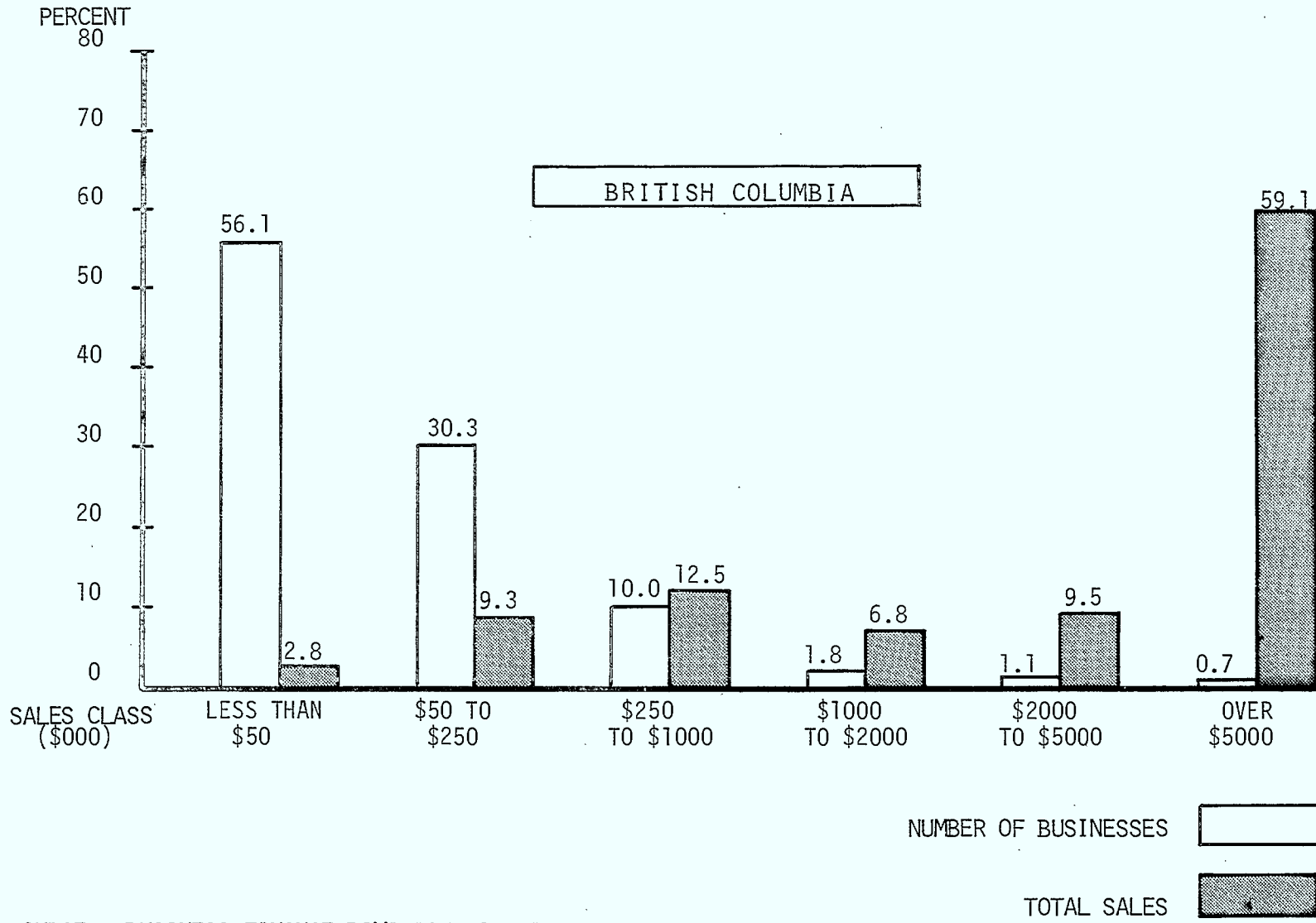
FIGURE 2.13: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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Trade and Commerce.*

FIGURE 2.14: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974

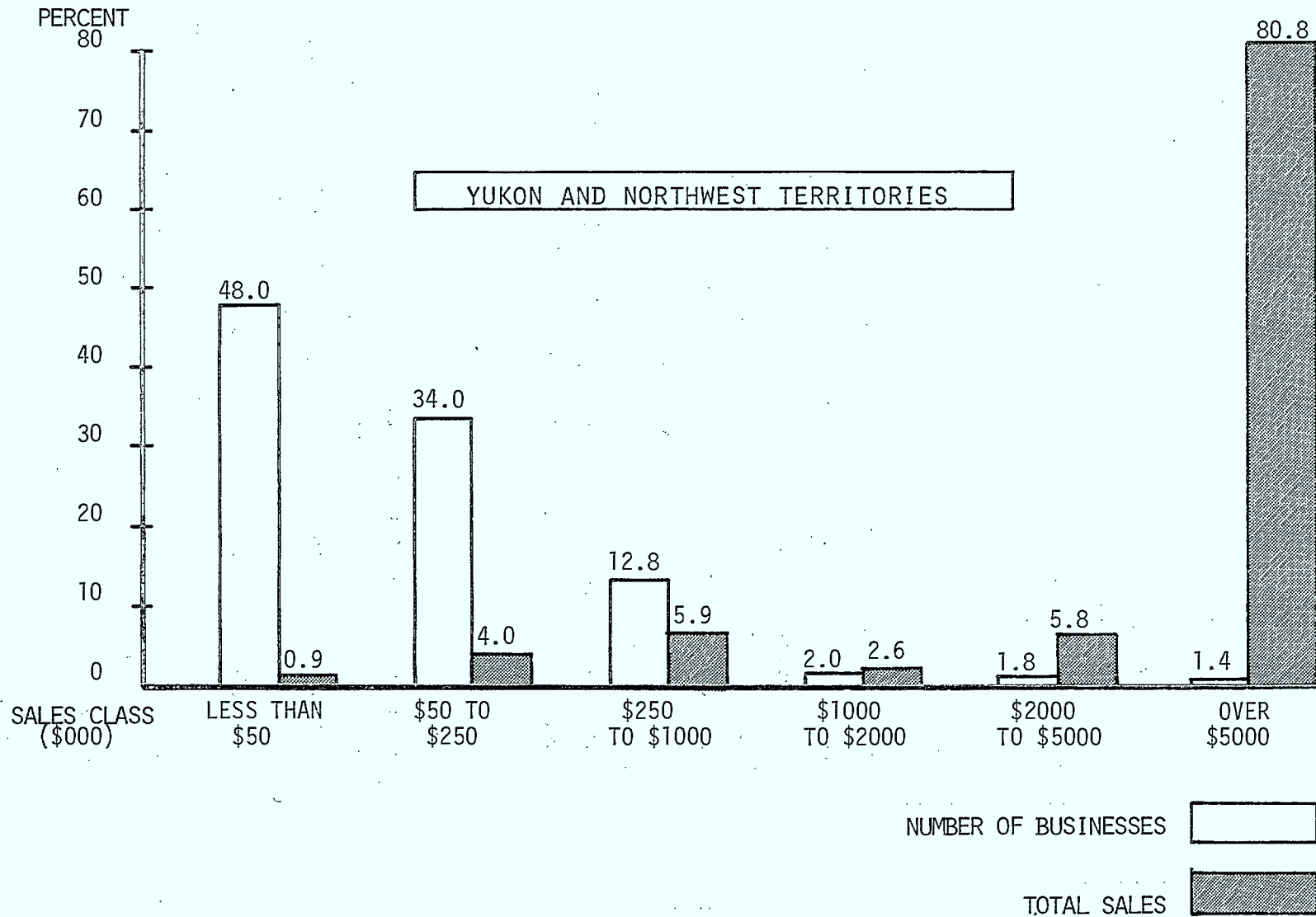


SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
 TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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FIGURE 2.15: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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### Alberta

Alberta reported 57,854 businesses in 1974, of which 28,293 were unincorporated. Small businesses accounted for 95.5% of the number of businesses in the province but only 15.6% of reported business sales. Big businesses accounted for 84.4% of business sales although they represented only 4.5% of the number of businesses. Total business sales for \$34.3 billion accounted for 11.7% of the national total. See Figure 2.13 and Table 2.10.

### British Columbia

There were 86,474 businesses in British Columbia in 1974. Of these businesses 39,114 were unincorporated and 47,360 were incorporated. Business sales in the province of \$32.4 billion represented 11.0% of all business sales reported in Canada. Big business accounted for 75.4% of business sales in the province, while small business accounted for 24.6%. Small businesses numerically represented 96.4% of all businesses, while big businesses accounted for 3.6% of the total number of businesses. See Figure 2.14 and Table 2.11.

### Yukon and Northwest Territories

The Yukon and Northwest Territories were combined because of the very small number of businesses. These territories reported 794 businesses in 1974, 471 of which were unincorporated. Small business represented 94.8% of the number of businesses but only 10.8% of all business sales. Small businesses represented 94.8% of the number of businesses but only 10.8% of all business sales. Big businesses represented 89.2% of all sales but accounted for only 5.2% of the businesses numerically. See Figure 2.15 and Table 2.12.

Following is a summary of provincial business profiles:

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PROVINCIAL SUMMARY: 1974

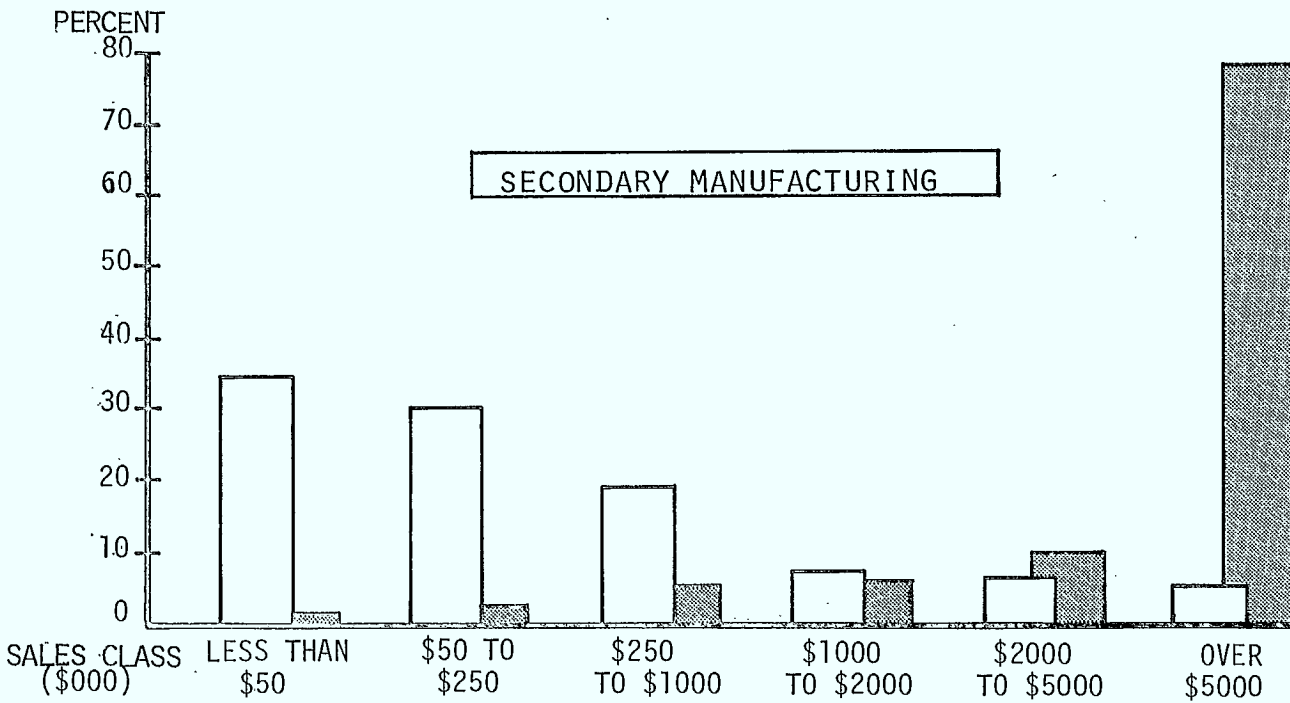
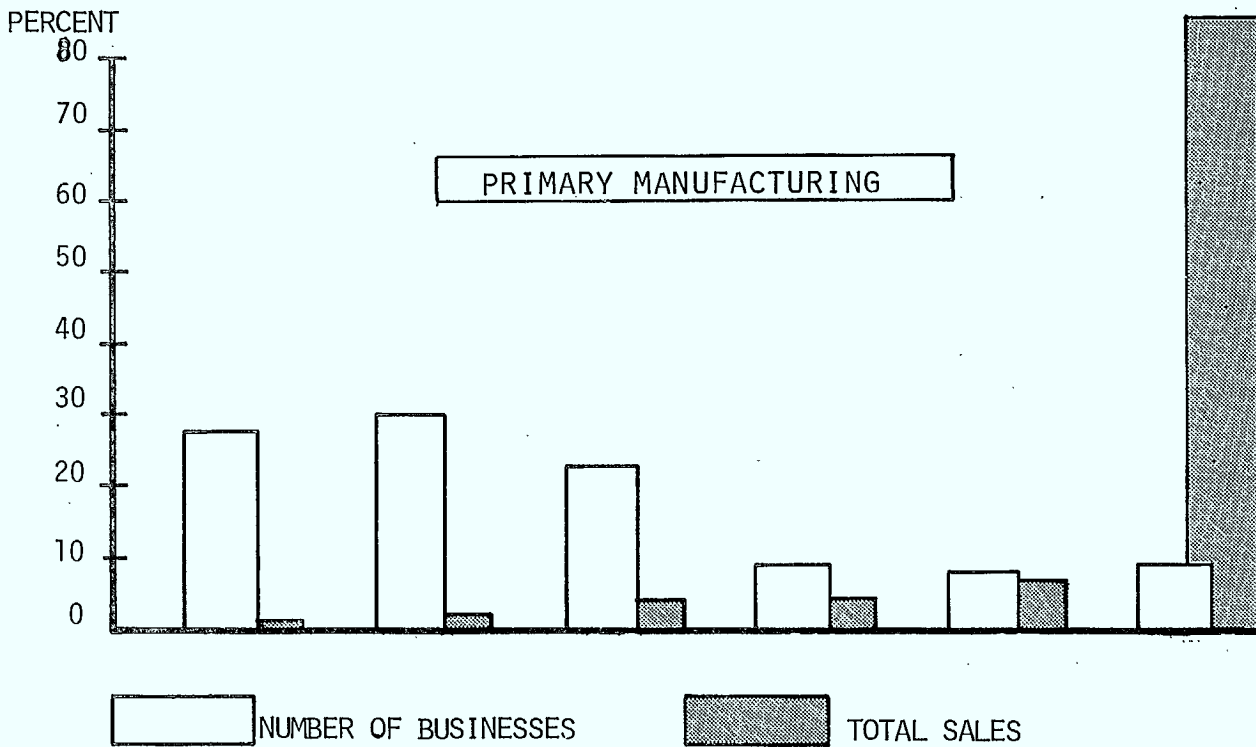
PROVINCE	SALES (\$ millions)	NUMBER OF BUSINESSES		BUSINESSES REPORTING SALES LESS THAN \$1 MILLION	
		INCORPORATED	UNINCORPORATED	PERCENT OF BUSINESS	PERCENT OF SALES
Newfoundland	3,213.2	2,829	5,349	95.2%	25.3%
Prince Edward Island	651.0	959	1,557	96.0%	39.0%
Nova Scotia	5,690.8	6,390	10,933	96.2%	26.7%
New Brunswick	5,438.4	5,142	10,385	96.3%	24.4%
Quebec	71,434.0	51,179	100,591	94.8%	21.3%
Ontario	120,874.6	89,564	136,742	94.9%	18.3%
Manitoba	9,972.9	10,525	14,016	95.8%	22.4%
Saskatchewan	7,977.9	8,976	13,450	96.8%	25.5%

PROVINCIAL SUMMARY: 1974

(CONTINUED)

PROVINCE	SALES (\$ millions)	NUMBER OF BUSINESSES		BUSINESSES REPORTING SALES LESS THAN \$1 MILLION	
		INCORPORATED	UNINCORPORATED	PERCENT OF BUSINESS	PERCENT OF SALES
Alberta	34,336.7	29,561	28,293	95.5%	15.6%
British Columbia	32,375.5	47,360	39,114	96.4%	24.6%
Yukon and Northwest Territories	803.9	323	471	94.8%	10.8%
All Canada	294,173.8	253,125	360,922	95.3%	20.0%

FIGURE 2.16: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
 TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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 Trade and Commerce.*

iii) Industrial profile

In this section, as in the section on Provincial profiles, businesses with sales less than \$1 million will be called small, while those businesses with sales greater than \$1 million will be called big. This is meant to facilitate the analysis, but not to serve as a specific definition of big or small business.

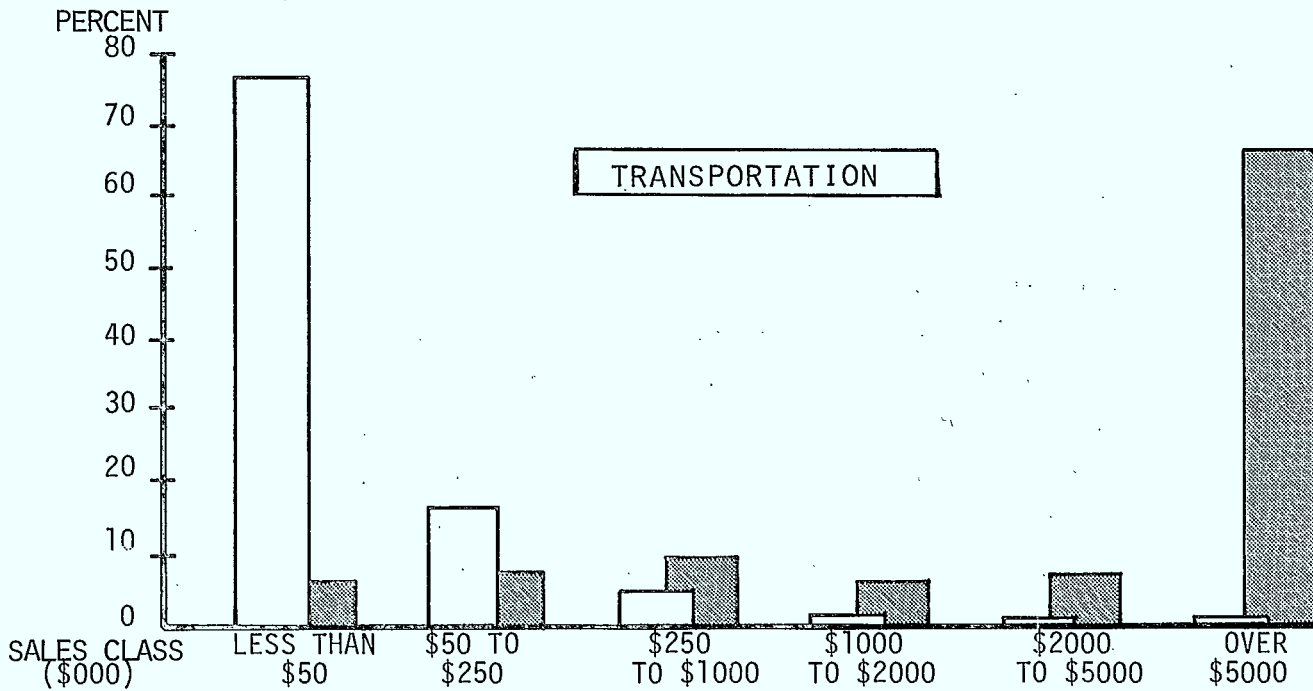
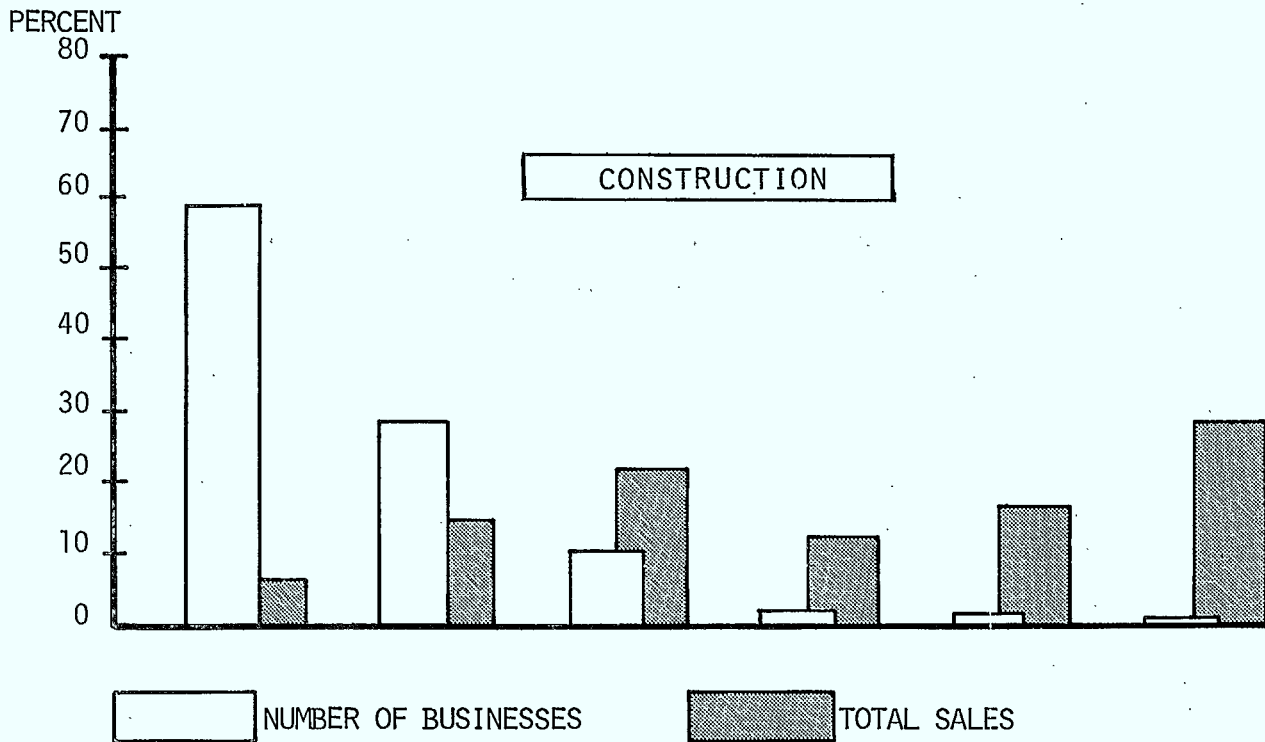
Primary manufacturing

There were 15,701 Primary Manufacturing businesses in Canada in 1974, of which only 3,808 were unincorporated. Sales of \$56.7 billion represented 19.3% of all business sales. Small business accounted for 78.4% of the number of businesses, but only 4.4% of business sales in this sector. Big businesses accounted for 21.6% of the number of businesses but 95.6% of all sales in this sector. The role of small business is less important in Primary Manufacturing than in some of the other industrial sectors. Return on sales appears to be smallest for the second smaller sales class (for incorporated businesses), but rises with increasing sales class. The average pre-tax return on sales for the entire sector was 9.7%. This was the highest reported return for all the sectors studies with the exception of the Finance sector. See Figure 2.16 (upper half) and Table 2.13.

Secondary Manufacturing

There were 22,693 Secondary Manufacturing businesses in Canada in 1974. Sales of \$41 billion represented 13.9% of all business sales in Canada. Small businesses accounted for 82.5% of all businesses in this sector by number by represented

FIGURE 2.17: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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Trade and Commerce.*

only 7.7% of sales. Big businesses accounted for 17.5% of all businesses and for 92.3% of reported sales. The pre-tax return on sales for the incorporated sector was 7.9% in 1974, with the rate of return rising from 3.2% for the smallest sales class to 8.9% for the biggest sales class. Secondary Manufacturing and Primary Manufacturing (incorporated) businesses appeared to earn higher returns with increasing size. See Figure 2.16 (lower half) and Table 2.14.

#### Transportation

There were 50,659 businesses classified as Transportation, of which 41,419 were unincorporated. Reported sales amounted to \$12.2 billion, about 4.1% of all sales in Canada. Small businesses represented 98.2% of the businesses in this sector but produced only 22% of sales. Big businesses, which were 1.8% of the sector, produced 78.0% of sales. For incorporated businesses, the pre-tax return on sales was 5.5%. Big businesses appeared to earn higher returns than small businesses. See Figure 2.17 (lower half) and Table 2.15.

#### Construction

The construction sector included 90,120 businesses, including 61,825 unincorporated businesses. Business sales produced by the sector amounted to \$19.5 billion, 6.6% of all business sales in Canada. Although 96.4% were small businesses, they accounted for 42.3% of business sales. This contribution is high, in comparison to the other industrial sectors studied. Big businesses produced 57.7% of sales although they



represented only 3.6% of the sector numerically. The pre-tax rate of return was only 4.7% for incorporated businesses. The smallest and biggest businesses earned slightly higher returns than the mid-sized businesses. See Figure 2.17 (upper half) and Table 2.16.

#### Wholesale Trade

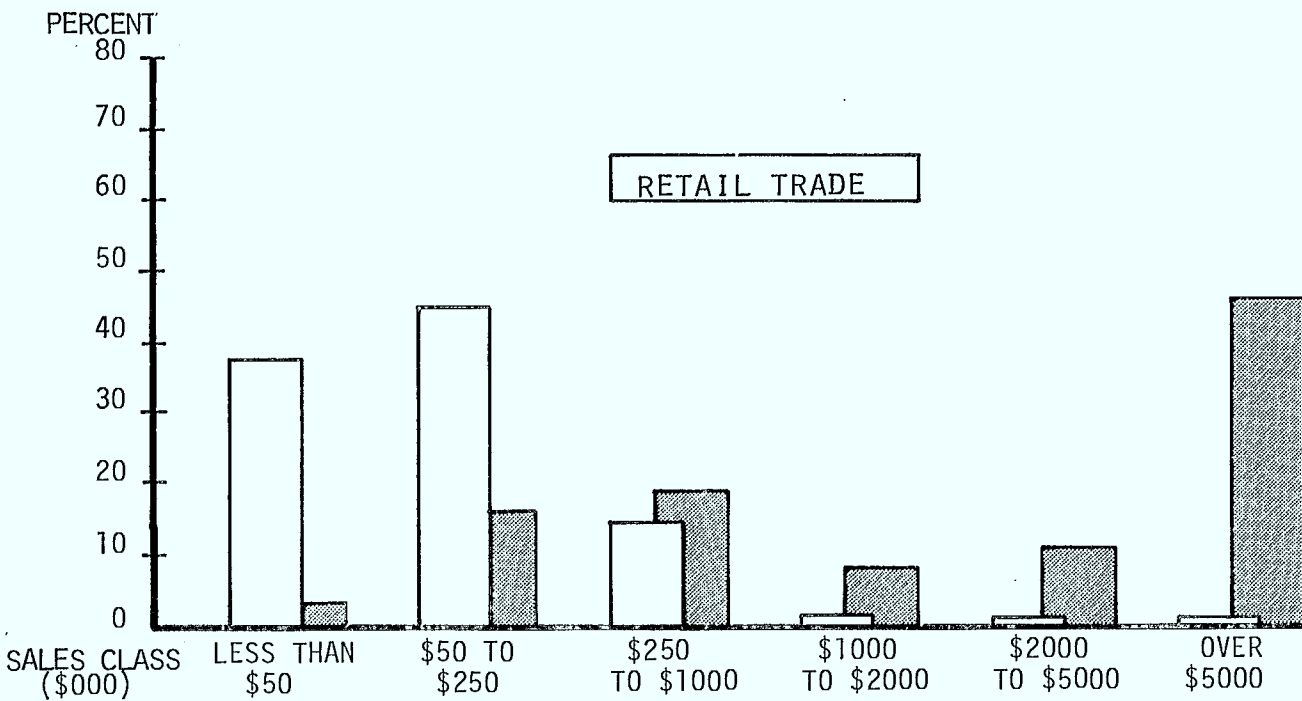
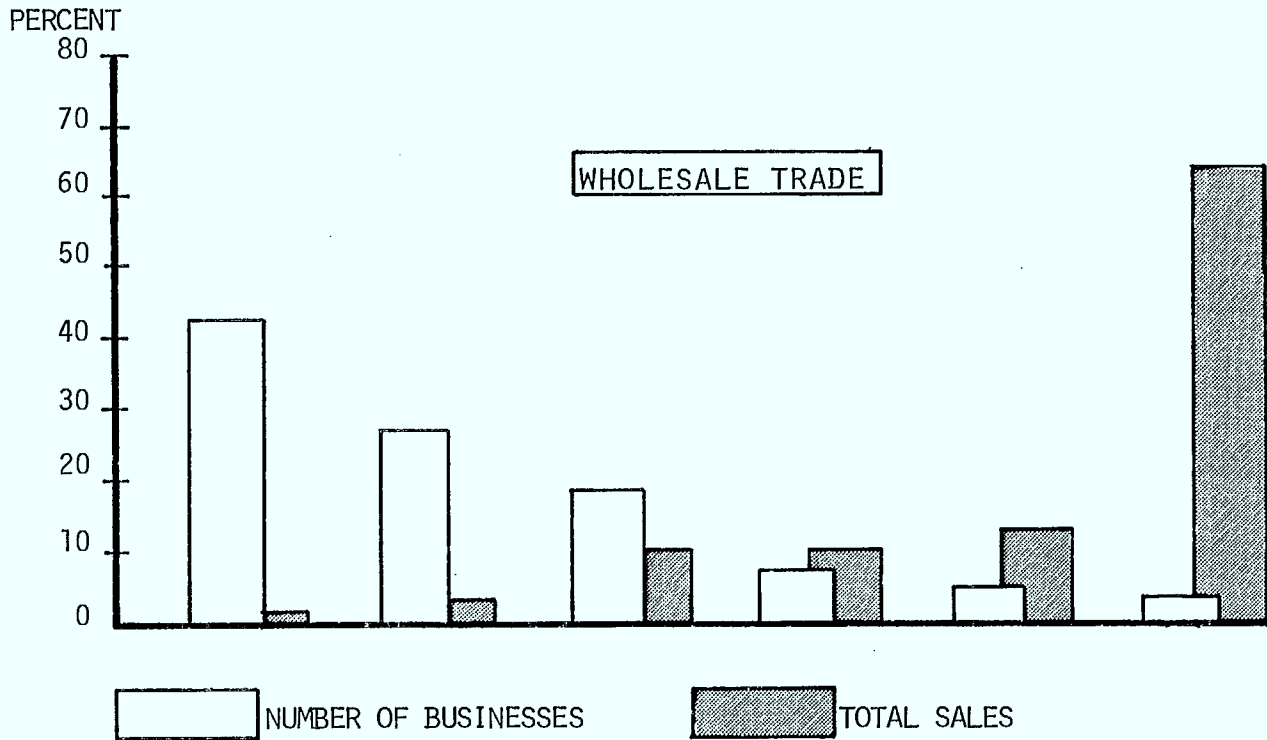
There were 53,980 businesses in the Wholesale Trade sector in 1974. Sales produced by the sector amounted to \$52.1 billion or 17.7% of all business sales in Canada. Small business numerically accounted for 87.0% of all businesses in the sector but produced only 13.9% of business sales. Big business represented 13.0% of businesses by number and accounted for 86.1% of sales.

The rate of return on sales for the incorporated part of the sector was 4.3%. For incorporated businesses small businesses appeared to earn higher rates of return than big business. See Figure 2.18 (upper half) and Table 2.17.

#### Retail trade

There were 136,738 businesses engaged in Retail Trade in 1974. The Retail Trade Sector produced \$47.8 billion in sales, 16.2% of all business sales in Canada. Small business accounted for 96.3% of businesses in this sector but produced 36.2% of sales in the sector. Big businesses, which numerically were only 3.7% of the sector, produced 63.8% of sector sales.

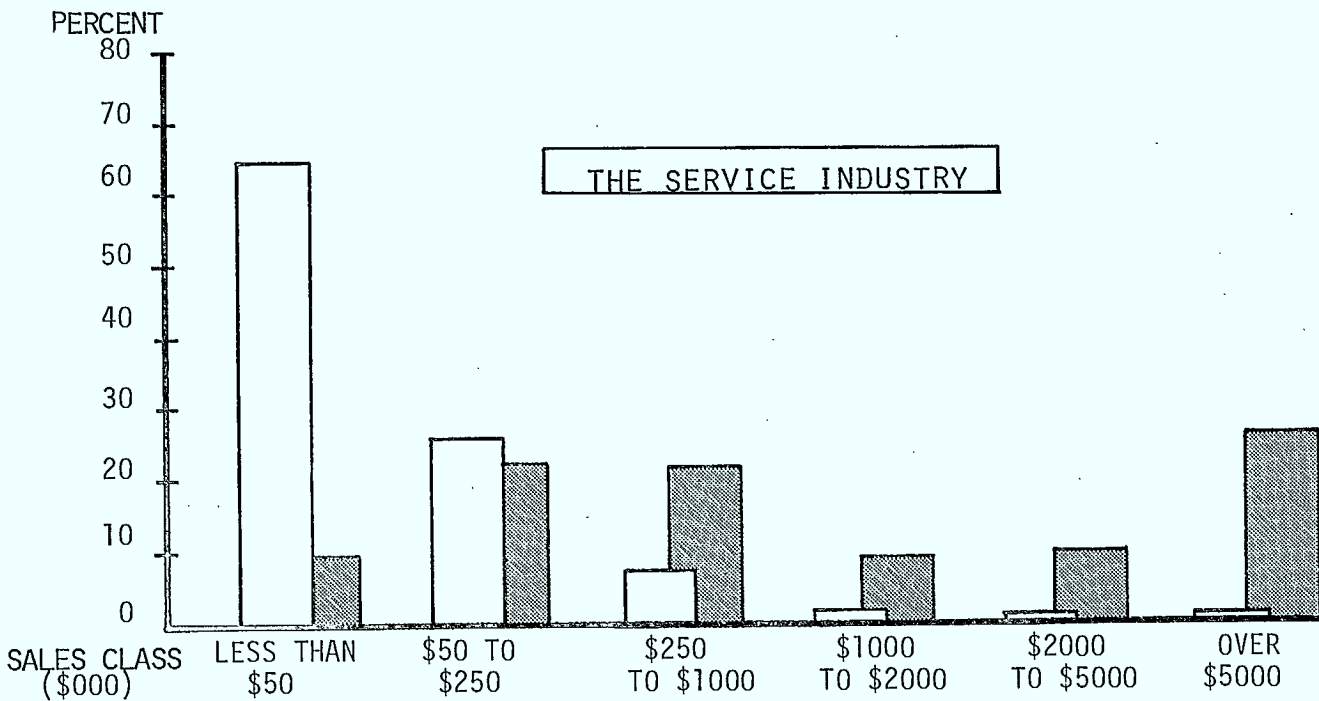
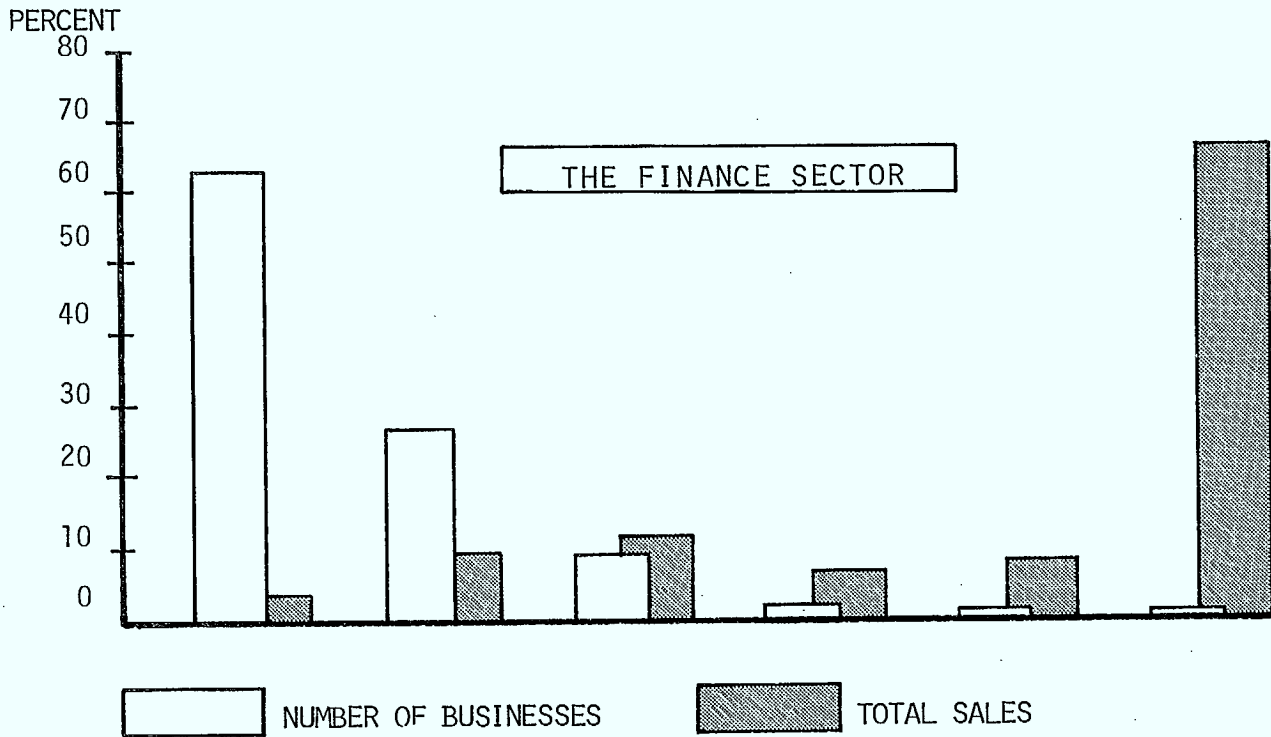
FIGURE 2.18: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
 TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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 Trade and Commerce.*

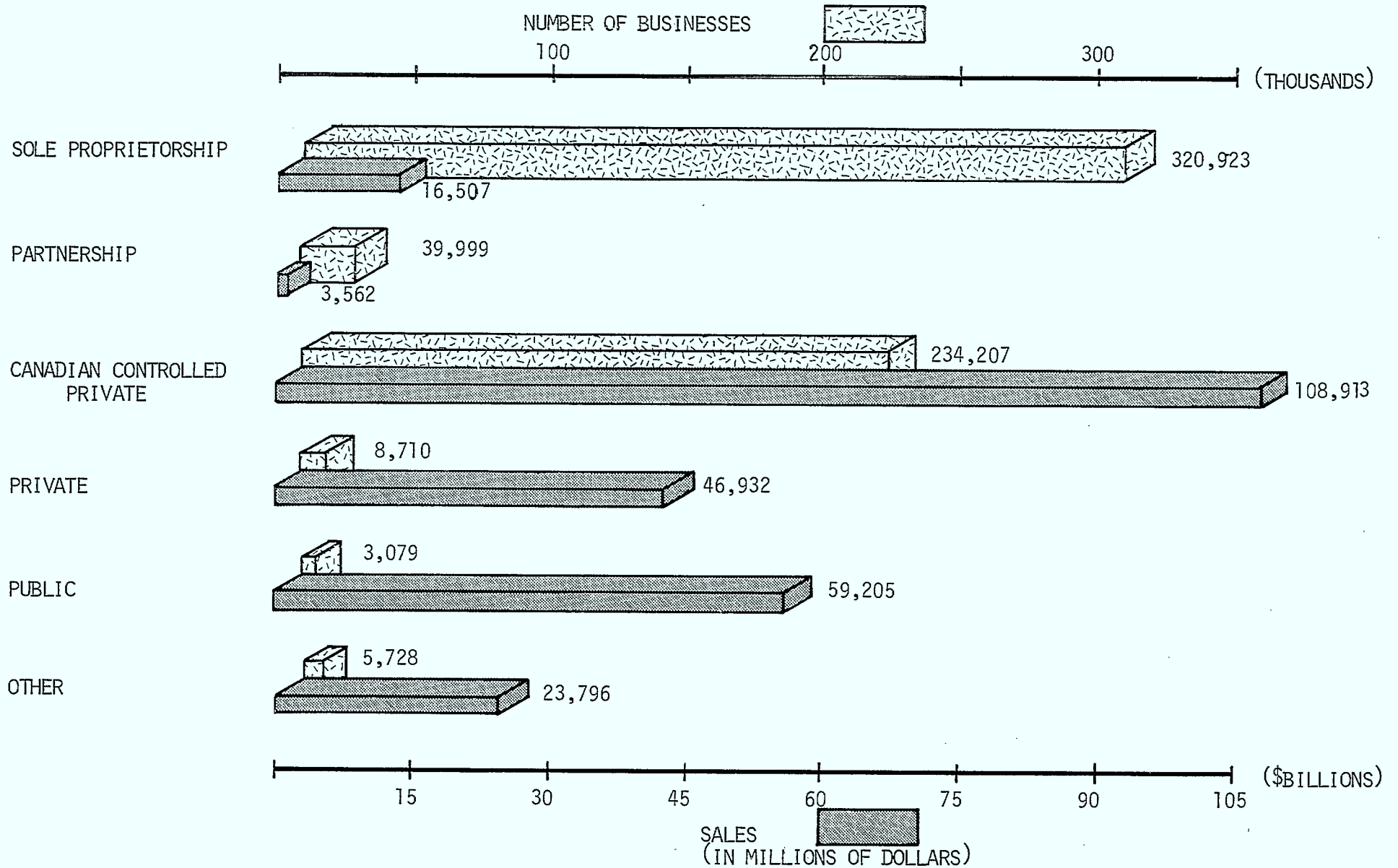
FIGURE 2.19: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

FIGURE 2.20: PROFILE OF ALL BUSINESS FOR VARIOUS TYPES OF OWNERSHIP: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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Department of Industry,  
Trade and Commerce.*

Rates of return on sales for the incorporated businesses averaged 4.8% for the Retail Trade sector. The rates of return were relatively low for each of the six sales classes studied, with the exception of the over \$5 million sales class. See Figure 2.18 (lower half) and Table 2.18.

#### Other Services

There were 116,756 businesses in this category. Sales produced amounted to \$15.3 billion or only 5.2% of business sales. Small businesses formed 98.5% of the sector and produced 55.2% of business sales. Big businesses which were 1.5% of the sector produced 44.8% of sector sales. For incorporated businesses, pre-tax return on sales was highest for the smallest and for the biggest businesses. The medium-sized businesses earned the lowest rates of return in the sector. See Figure 2.19 (lower half) and Table 2.19.

#### Finance sector

The Finance sector represents somewhat of an anomaly. Many of the incorporated businesses in this sector are investment companies not engaged in an active business or are real estate holding companies. Of the 74,503 businesses in this sector, 10,385 were unincorporated. Although big business accounts for only 2.6% of businesses in the sector it accounted for 77.3% of sales. Small business, on the other hand, represented 97.4% of all businesses in the sector but produced 22.7% of sales. The rate of return on sales earned was the highest of the sectors studied. See Figure 2.19 (upper half) and Table 2.20.

A summary of the industrial profiles follows:

## INDUSTRIAL SUMMARY: 1974

INDUSTRY SECTOR	SALES (\$ millions)	NUMBER OF BUSINESSES		BUSINESSES REPORTING SALES LESS THAN \$1 MILLION	
		INCORPORATED	UNINCORPORATED	PERCENT OF BUSINESS	PERCENT OF SALES
Primary Manufacturing	56,739.6	11,895	3,808	78.4%	4.4%
Secondary Manufac- turing	40,950.4	13,461	9,232	82.5%	7.7%
Transportation	12,155.4	9,240	41,419	98.2%	22.0%
Construction	19,466.0	28,295	61,825	96.4%	42.3%
Wholesale Trade	52,117.8	28,678	25,302	87.0%	13.9%
Retail Trade	47,782.2	42,343	94,395	96.3%	36.2%
The Service Industry	15,259.6	41,265	75,491	98.5%	55.2%
The Finance Sector	24,850.2	64,118	10,385	97.4%	22.7%

iv) Ownership profile

Ownership is sub-divided into two unincorporated classifications and four incorporated classifications. The unincorporated sector included 320,923 sole proprietorships which produced \$16.5 billion in sales and 39,999 partnerships which produced \$3.6 billion in sales. In both instances virtually all of the businesses were small businesses.

Of the four classes of incorporated businesses, Canadian Controlled Private corporations formed the most important class. This class included 234,207 corporations and produced total sales of \$108.9 billion. The sales produced by these corporations represented 37.0% of all business sales. The indicated rate of return for this sector amounted to 5.7%, which is the lowest of the four classes of corporations. There was an apparent tendency for small businesses to earn higher rates of return than big businesses.

There were only 8,710 Private corporations; however, this ownership class (which includes foreign controlled corporations) accounted for \$46.9 billion in business sales or 15.9% of all business sales produced. The rate of return of the class was 8.3%.

Public corporations numbered only 3,079; however, earned rates of return were the highest of any incorporated ownership class. This would most likely relate in part to the visibility of the financial results of public corporations, and the need to demonstrate above average earnings power. "Other" corporations, which for the most part include subsidiaries of Private corporations, earned relatively low rates of return. It may be assumed that Public corporations generally "transfer"

earnings from the subsidiary corporation to the parent public corporation for visibility purposes.

Public corporations earned the highest rate of return on sales (12.2%). The medium sized public corporations appeared to earn the highest rates of return in the class. By way of comparison, "Other" corporations earned rates of return of 7.7% on average. Rates of return appeared to follow the same pattern with medium-sized corporations earning the highest returns, for "Other" corporations.

See Figure 2.20 and Tables 2.21, 2.22 and 2.23.



3. COMPARISON OF DATA FOR INCORPORATED BUSINESS - 1972 VS. 1974

a) Introduction

i) Objectives and background

The purpose of the financial ratio profile is to provide a detailed analysis of the profitability, efficiency, liquidity and leverage of corporations for two years. The years 1972 and 1974 were selected, since prior years' data was not readily available in the form required. The statistics derive from the Statistics Canada sample of 22,390 corporations in 1972 and 24,811 corporations in 1974. These samples are representative of a universe of 213,738 corporations in 1972 and 253,125 in 1974.

The years 1972 and 1974 are indicative of the early and late stages of the 1971-1975 economic expansion. The latter part of the expansion was characterized by extremely high rates of inflation relative to historical standards. Gross National Product in current dollars increased from \$104.7 billion in 1972 to \$144.6 billion in 1974. Concomitantly, pre-tax corporate profits in current dollars increased from \$10.5 billion in 1972 to \$18.8 billion in 1974. (1)

The 1974 statistics include all corporate financial statements for the respective fiscal years ending in 1974. Since approximately 70% of corporations end their fiscal year in December, part of the 1973 earned income included in the financial statements will appear in the 1974 statistics. This will also be true of statistics produced for 1972. The sampling methodology was discussed earlier and discussion will not be repeated.

- 1) Pre-Tax corporate profits quoted are National Income and Expenditure Account estimates, and hence do not correspond to the aggregate estimates provided in Appendix 1.

Financial ratios are meant to provide an overview of the performance of the corporate universe and of the various industrial sectors. The ratios are indications of relative performance. Because of the averaging of a large number of firms, precise quantitative comparisons are not meaningful. The ratios provide average performance characteristics of a large number of companies which, although treated as homogeneous, may represent substantially different mixes of products, services and operations. The ratios are calculated by using aggregate totals for the industry being analyzed. This could lead to dominance in the ratio of the largest firms within the industry. This problem is further complicated by the sample design effect. The sample design provides for sampling of large firms with certainty, small firms on a proportionate basis. Therefore, the ratios produced are less representative of the smaller firm classes. The subdivision into sales classes, however, has a mitigating effect on this error, since only a narrow size range of companies is studied at one time. Further investigation of this area will be undertaken by the Small Business Secretariat.

The two year comparison provides information on the impact of two different economic environments. In addition, it provides information on the consistency of performance with increasing sales size over the periods studied. Further time periods are required to enhance the analysis and to provide additional information on consistency.

This chapter is divided into two sections. The first part consists of ratios for the corporate universe for all industries in Canada. Clearly, combining widely varying industrial sectors into descriptive financial ratios has limited validity. However, for relative comparisons of performance for various size classes these ratios

are still quite useful. In addition, year to year comparisons are consistent and meaningful. The most difficult sector for an overall ratio analysis is Finance. This sector, which includes banks, insurance companies, and real estate companies is very different in character from the other sectors. Returns on assets and sales are very low but the high degree of financial leverage in the industry provides good returns on equity.

The second part of the analysis is concerned with the relationship between increasing sales of corporations and financial performance for various industrial sectors.

ii) Data reliability considerations

The corporate financial analysis is constructed using sample data. Because the sample design is not perfectly distributed with respect to sales class, some statistical anomalies have been removed from the tables, in some cases a detailed micro-analysis of the sector would be required to provide better information with respect to the cause of the anomalous results. Computed ratios have been left in the tables, but the reader is cautioned to use the two smallest sales sizes carefully.

Part of the explanation for high profitability in the lowest sales classes stems from the inclusion of both dividends and capital gains in net profits. For example, in 1974 capital gains represented 37.7% of gross revenues in the smallest sales class, and dividends represented 7.0%. In the second smallest class, these numbers were 26.4% and 5.2% respectively. In the third smallest sales class capital gains represented only 6.8%, dividends 4.5%, therefore producing only a minor effect on the computed ratios in which net profits were used in the calculation.

FIGURE 3.1: PROPORTION OF INCORPORATED BUSINESS IN VARIOUS SALES CLASSES: 1972 VS. 1974

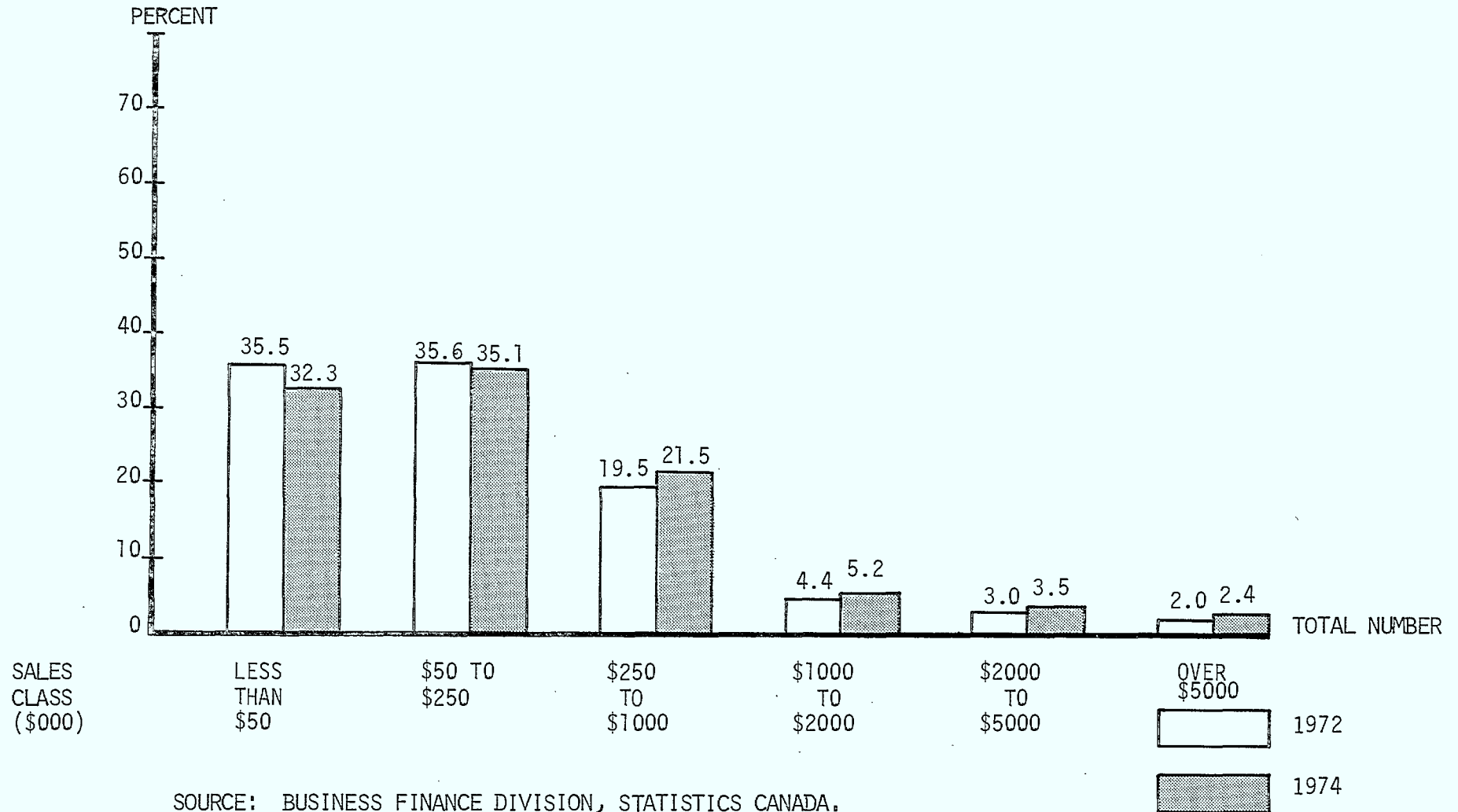
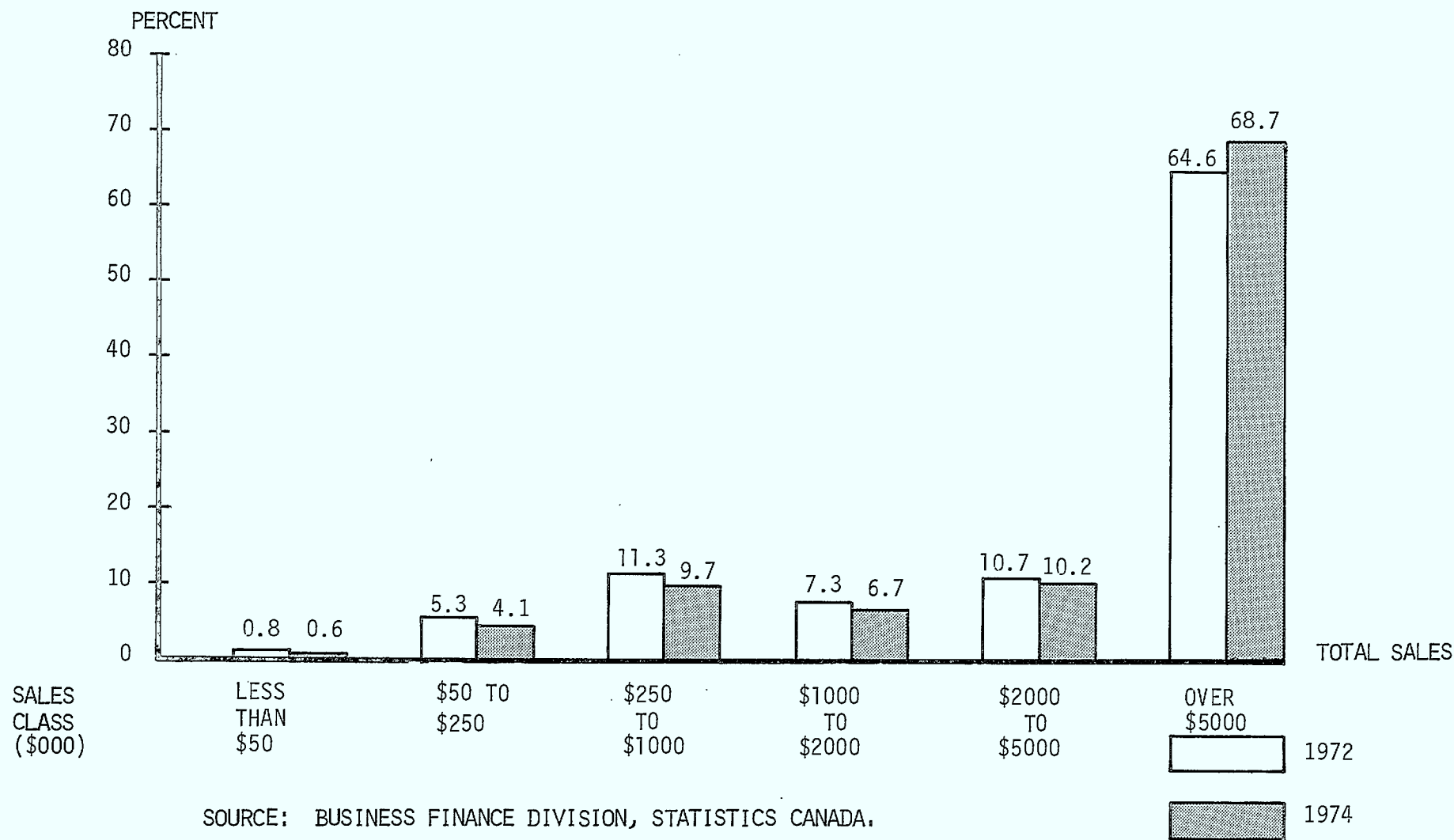
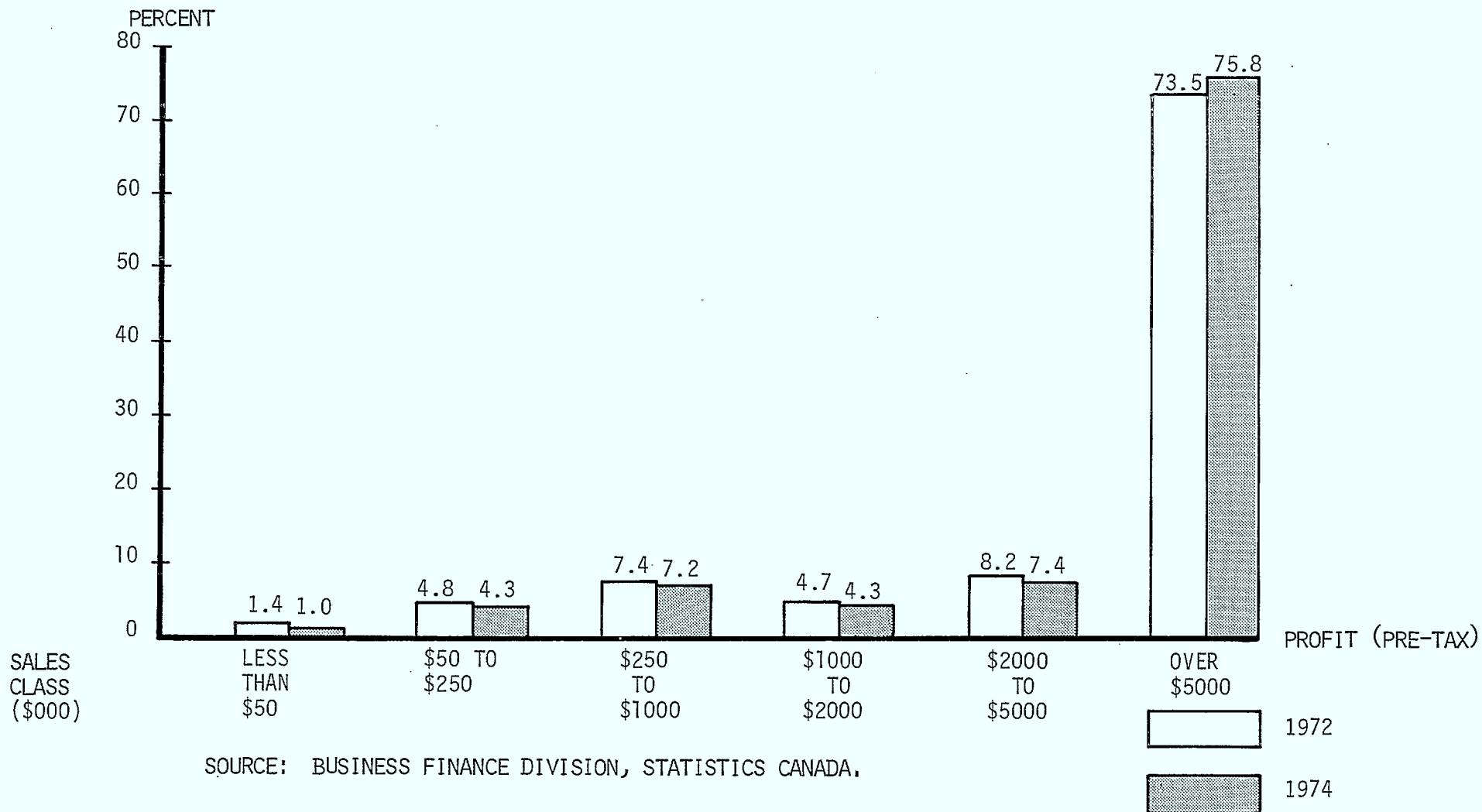


FIGURE 3.2: PROPORTIONATE SALES OF INCORPORATED BUSINESS IN VARIOUS SALES CLASSES: 1972 VS. 1974



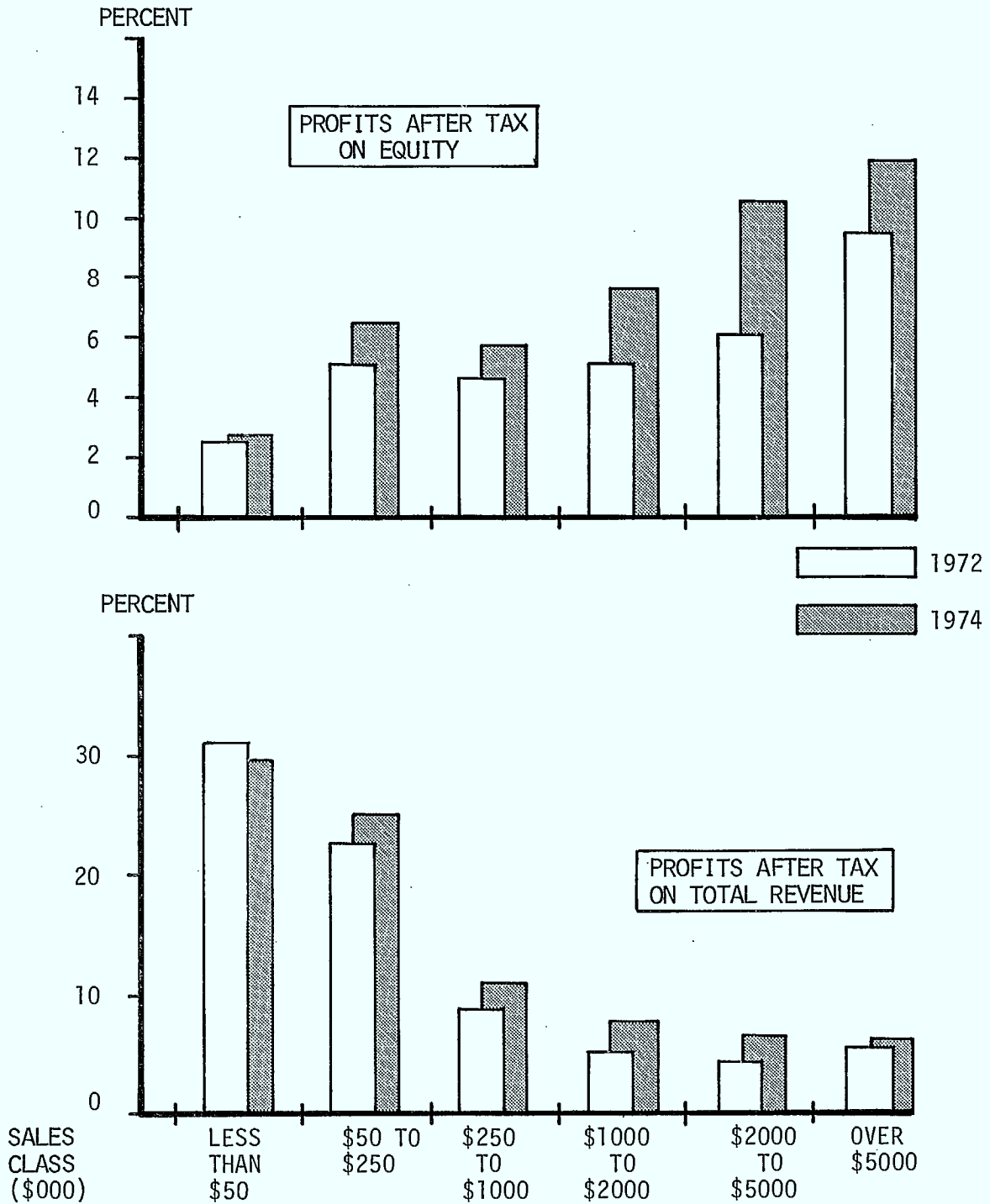
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FIGURE 3.3: PROPORTIONATE PRE-TAX PROFIT OF INCORPORATED BUSINESS IN VARIOUS SALES CLASSES:  
1972 VS 1974



*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

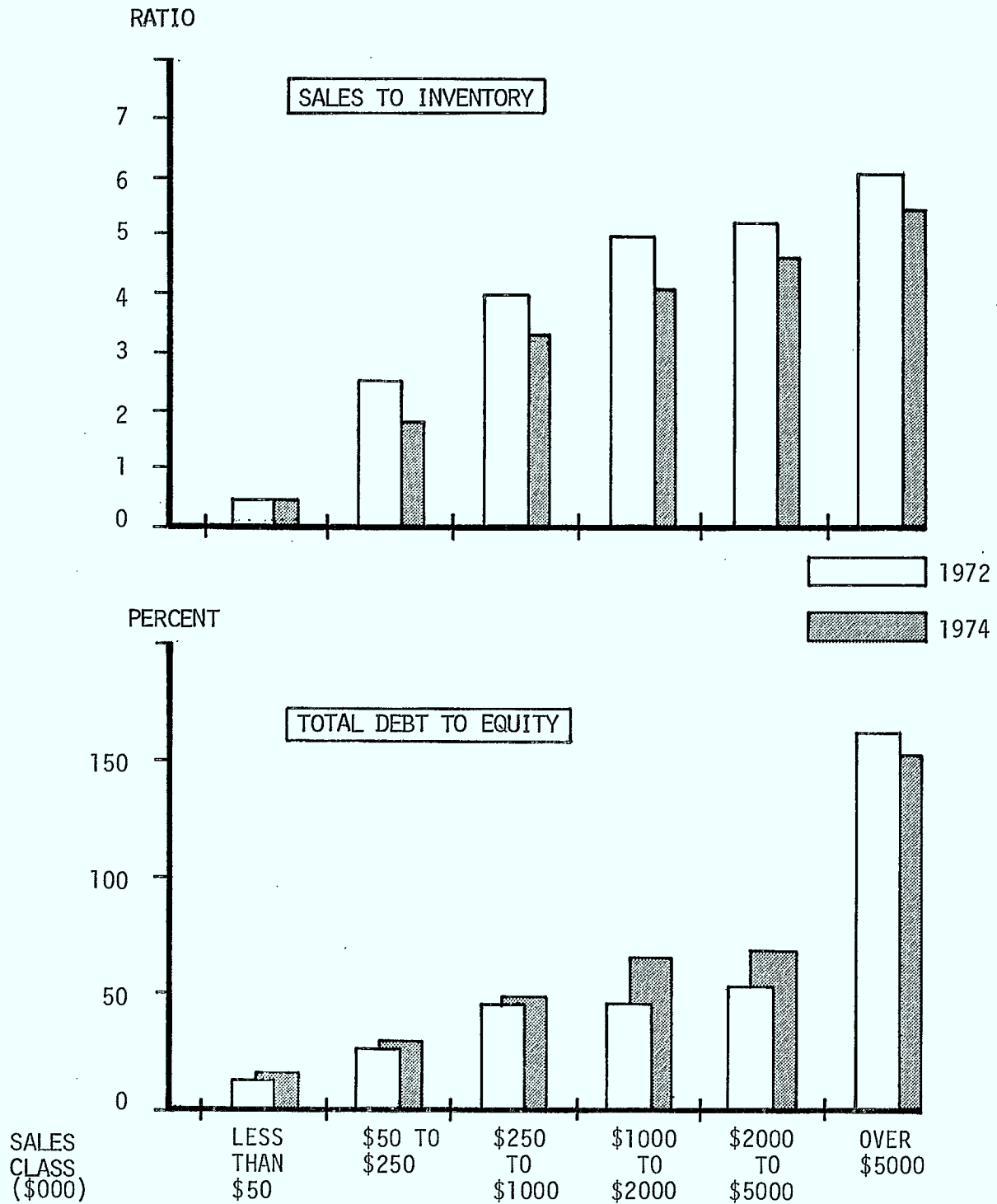
FIGURE 3.4: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS: ALL CANADA



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

FIGURE 3.5: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS:  
ALL CANADA (CONTINUED)



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*



iii) Financial ratio definitions

The financial ratios highlighted are meant to provide information on the relative financial strength of the industrial sectors for various sales size classes. Information for this analysis derives from the financial statement cards accompanying T2 corporate income tax returns. It is important to note that there are significant differences in the reporting practices of corporations and of industries. Secondly, financial statements frequently reflect some "window-dressing", especially with respect to balance sheet items. Extra care may be given to bank loans, inventory and receivables management to improve the corporate picture at year end. This would probably be a more important phenomenon for the Public companies than for Private corporations.

The financial ratios are divided into profitability, efficiency, liquidity and leverage sections. The profitability ratios are based upon the amount of income remaining after all expenses and provisions, interest on borrowed funds, depreciations and income taxes have been deducted. Non-recurring items are added into profits.

The efficiency ratios provide information with respect to the control exerted by the business upon key expense areas such as the costs of borrowing, inventory management and receivable management.

Liquidity ratios are an indicator of the ability of the business to meet its short term obligations (current liabilities).

Leverage ratios indicate the degree to which debt is part of the capital structure. Increased use of debt generally provides increased rates of return to the shareholder, providing that the total return on capital employed exceeds the cost of the debt.

Detailed definitions of the financial ratios used are included in Appendix 2; however, three key ratios will be described here and presented graphically below.

- . Profits after tax on equity. Profit after tax is the amount of income remaining after all expenses and provisions, interest on borrowed debt, depreciation and income taxes have been deducted. This is divided by shareholders' equity, which includes all classes of shares, retained earnings, surplus accounts and loans due to affiliates or shareholders. This ratio is an important measure of the return to the shareholders of an enterprise.
  
- . Cash earnings to total revenue. Depletion, depreciation and amortization (all non-cash expenses) are added back to net profit after tax and dividend by total revenue. This provides an indication of cash flow earnings and is often used by lenders to determine the borrower's ability to repay debt.
  
- . Total debt to equity. Net long term debt and short term debt including bank loans, short term loans and long term debt due within one year is divided by shareholders' equity and loans from shareholders or affiliates. This ratio provides information on the utilization of debt capital.

Although only three ratios have been defined, ratios that have been tabulated in the appendix will be alluded to in the analysis.

b) Analysis

i) All Canada: 1972 versus 1974

As may be seen in Figure 3.1, the proportion of businesses in the two smallest sales classes decreased slightly from 1972 to 1974, while there was an increase in each of the four largest sales classes. There was an increase in sales registered by the

largest sales class from 64.6% to 68.7% of business sales for all Canada. All other sales classes declined as a proportion of the total. See Figure 3.2. Pre-tax profits behaved in a similar fashion. The "over \$5 million" sales class increased to 75.8% from 73.5% of total reported pre-tax profits, while all other classes declined. This may be seen in Figure 3.3. Analysis of additional years would be required to confirm whether these two years represent a trend.

Some of the problem areas discussed in a) will be repeated before discussing the financial ratios. First, the smallest sales class data (less than \$50 thousand) is not as reliable as the data for the larger sales classes. This has already been discussed in depth. The discussion that ensues will avoid drawing inferences from the smallest sales group statistics. Second, the aggregation of data for a variety of individual sectors, provides an overview, but specific conclusions should be corroborated with each industrial sector to test for universal validity. Third, only a sample of the smaller firms are studied whereas all large firms are included. Hence, the ratios for each sector virtually reflect the large sales classes.

The profitability ratios indicate that there was a general improvement in profitability in 1974 over 1972 as would be expected over the business cycle expansion phase of 1972 to 1974. This improvement was strongest in the return on equity experienced, especially for the big corporations. The big corporations, as indicated by the leverage ratios in Table 3.21, appear to have much greater accessibility to debt. Leverage is clearly a factor in the marked improvement in return on equity.

Debt availability appears to have helped the big corporations to significantly outperform small corporations with respect to returns on equity. This is readily apparent in Table 3.2. Despite this, smaller corporations earned higher after tax profits on total revenue. This trend was identical to the trend in cash earnings to total revenue.

Efficiency ratios are included in Table 3.11. Of particular interest is a tendency for the sales-to-inventory ratio and the collection period to improve with increased business size. It is interesting to note that for all sales classes the sales-to-inventory ratio deteriorated somewhat from 1972 to 1974, although the collection period improved.

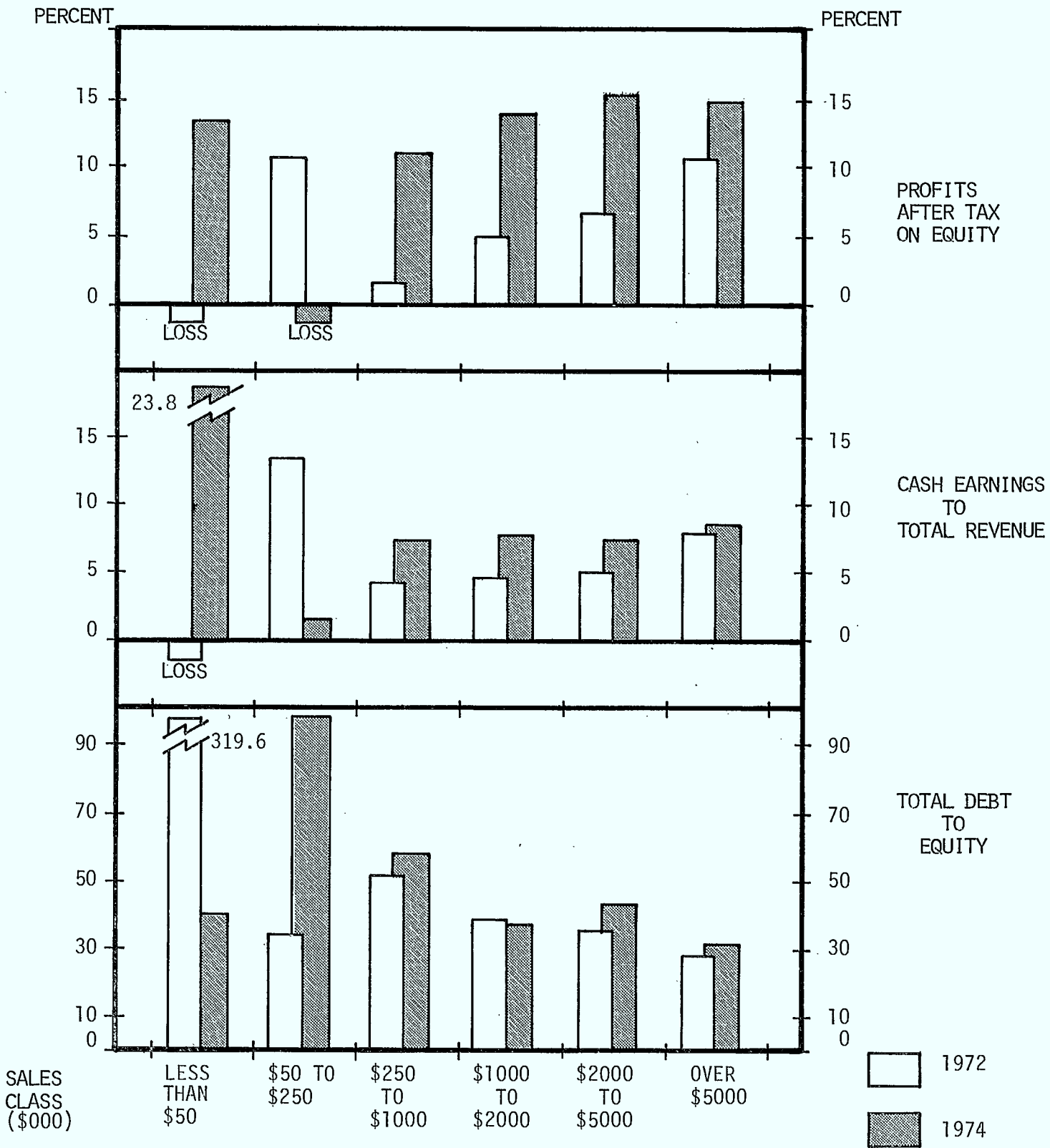
ii) Industrial sectors: 1972 versus 1974

Primary manufacturing

Referring to Table 3.3, one notices an increasing profitability trend with increasing sales for the four largest sales classes. The two smallest classes appear to be unstable due to small sample size and hence no inferences have been drawn from them. For all profitability ratios studied the biggest companies (over \$5 million in sales) substantially out-performed the smaller companies. As was apparent for all Canada, in 1974, profitability was substantially improved over 1972.

Of the three efficiency ratios produced, only the collection period ratio followed a marked trend. Control of receivables (collection period) improved with company size.

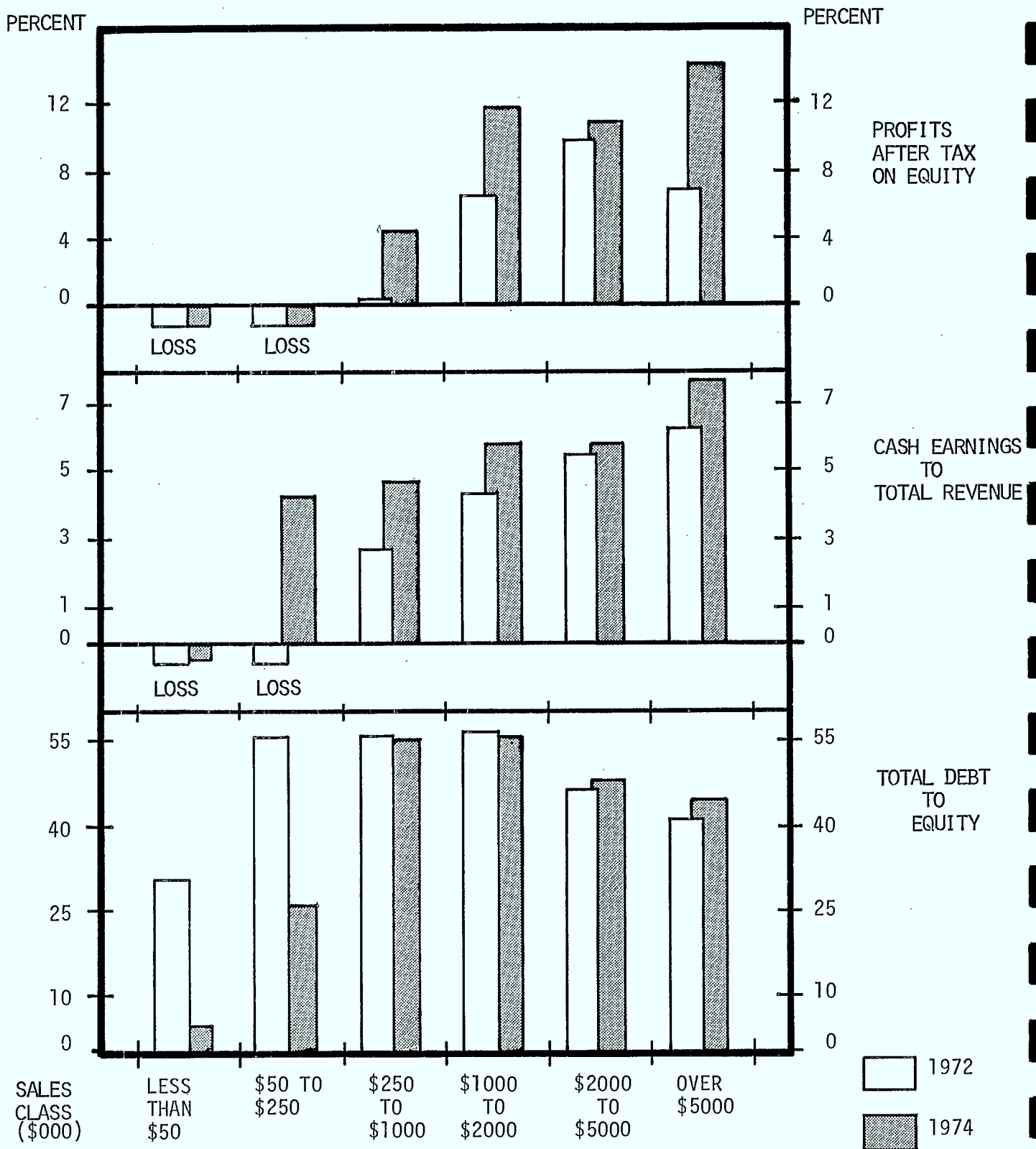
FIGURE 3.6: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS:  
PRIMARY MANUFACTURING



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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FIGURE 3.7: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS:  
SECONDARY MANUFACTURING



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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Department of Industry,  
Trade and Commerce.*

Liquidity ratios for Primary manufacturing showed an improvement with increased size. Of the leverage ratios, however, only the total debt to equity ratio appeared to follow a consistent trend. The trend was to decline with increasing sales class size. The levels of debt to equity for this sector are low relative to most other industrial sectors.

#### Secondary manufacturing

A study of the sample used indicates potential problems with data in the first two sales classes. Profitability in this sector appeared to be lowest in the smallest sales classes (under \$1 million). The medium sized companies the best performance in 1972 but were bettered by the "over \$5 million" companies in 1974. After tax profitability on total revenue and cash earnings to total revenue both improved as sales size increased.

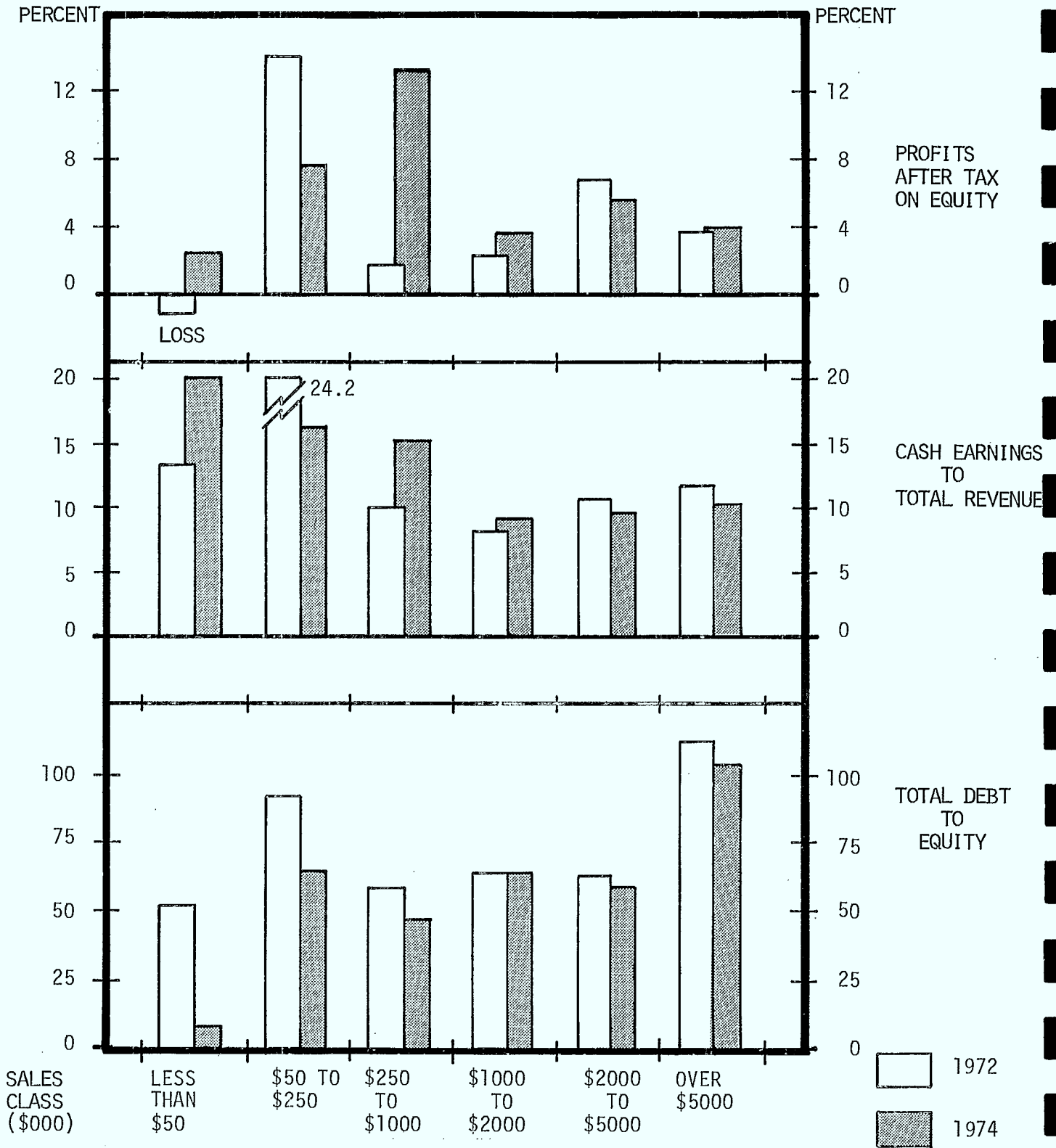
Of the efficiency ratios studied, the collection period showed a distinct improving trend with sales size. As was the case with primary manufacturing, total debt as a percent of equity declined as sales size increased.

#### Transportation

No consistent trend was observed for rates of return in this sector. Generally, however, companies in the \$2 million to \$5 million sales range appeared to earn the highest returns (excluding the two smallest sales classes).

Efficiency ratios such as the sales-to-inventory ratio and the collection period improved for both 1972 and 1974 with increasing sales size. The largest sales class companies also appeared to enjoy greater leverage as measured by the total debt to equity ratio.

FIGURE 3.8: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS:  
TRANSPORTATION

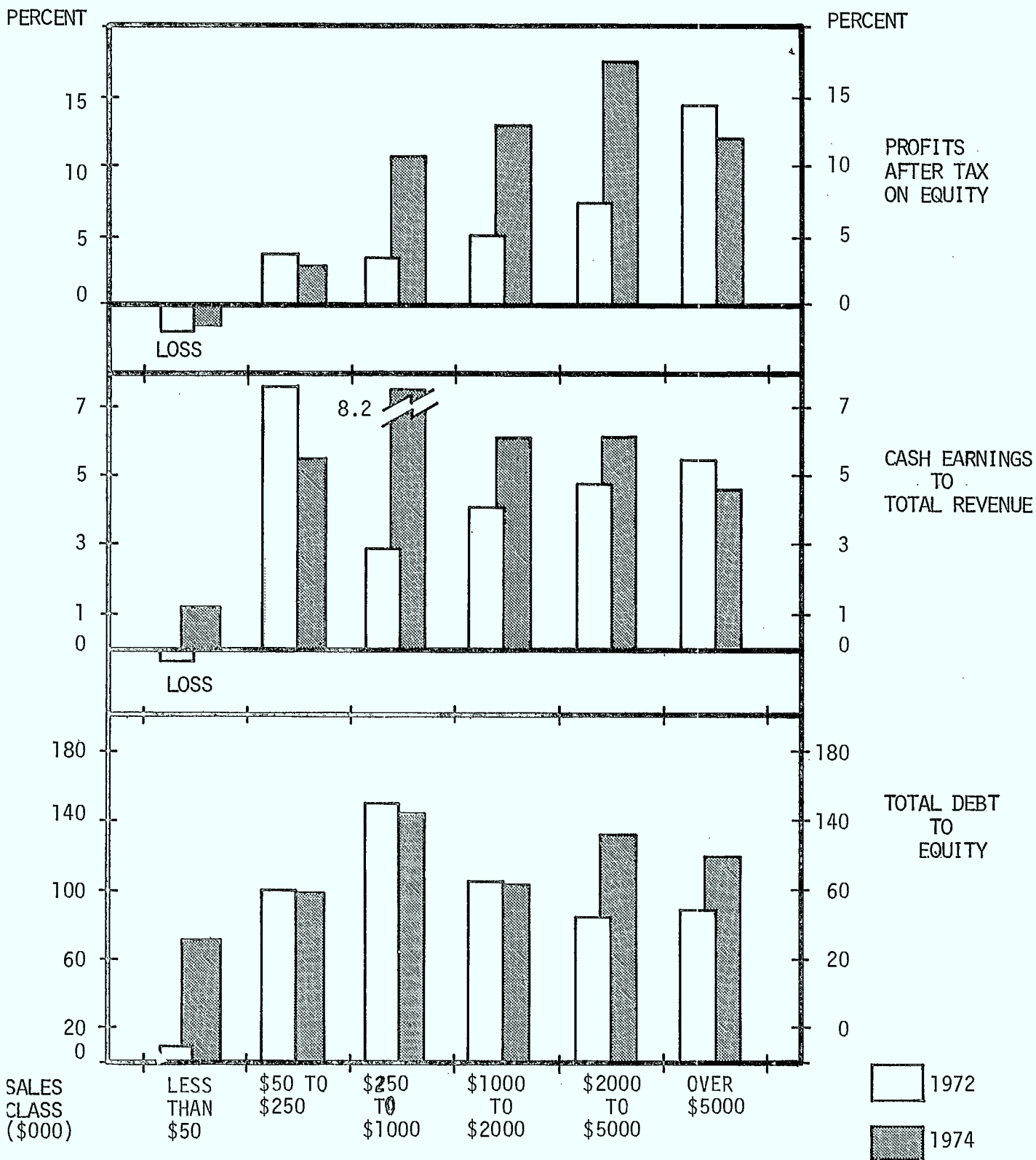


SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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FIGURE 3.9: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS: CONSTRUCTION



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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Trade and Commerce.*

### Construction

Profitability as measured by profits after tax divided by capital employed, by equity and by total assets showed a generally rising trend with increasing sales class size. Profits after tax and cash earnings on total revenue did not, however, follow a distinctive trend.

Efficiency ratios exhibited an improving trend with sales class size; however, this trend also was generally not consistent.

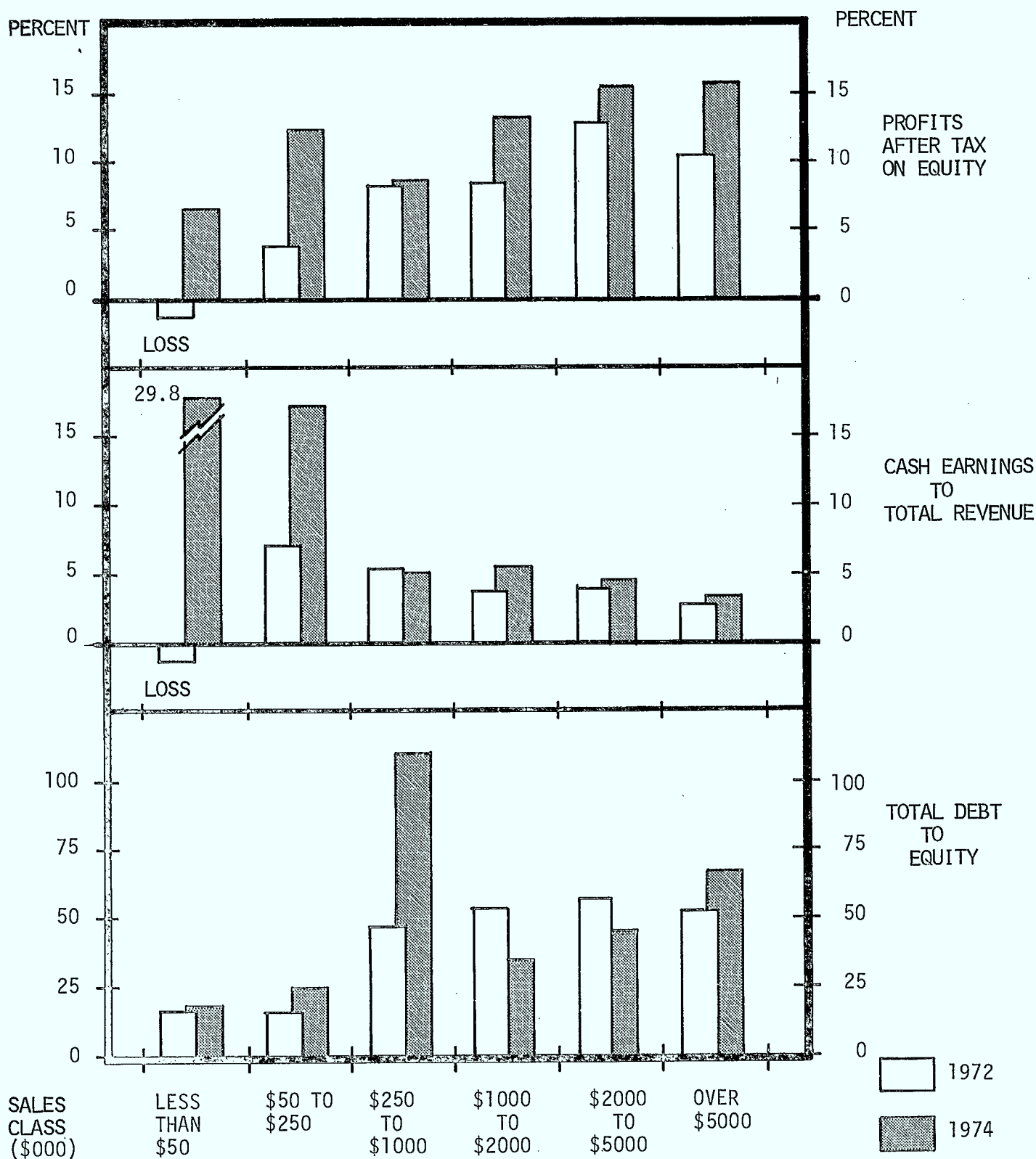
### Wholesale Trade

The profitability of Wholesale Trade (Figure 3.10) improved significantly in 1974 compared to 1972. Profitability (measured on capital employed, equity and assets) generally improved in both years with increasing sales class size. Profits and cash earnings in relation to total revenue appeared to be higher for smaller companies. As has been noted for many of the industrial sectors previously discussed, efficiency (measured by sales to inventory and collection period ratios) improved with company size.

### Retail trade

The Retail Trade sector was characterized by very high levels of profitability for the largest sales class, as measured on capital employed, equity, and assets. Profitability and cash earning measured on total revenue appeared to decrease with the size of company - with the exception of the largest sales class. Efficiency measures displayed some improvement with increasing sales size.

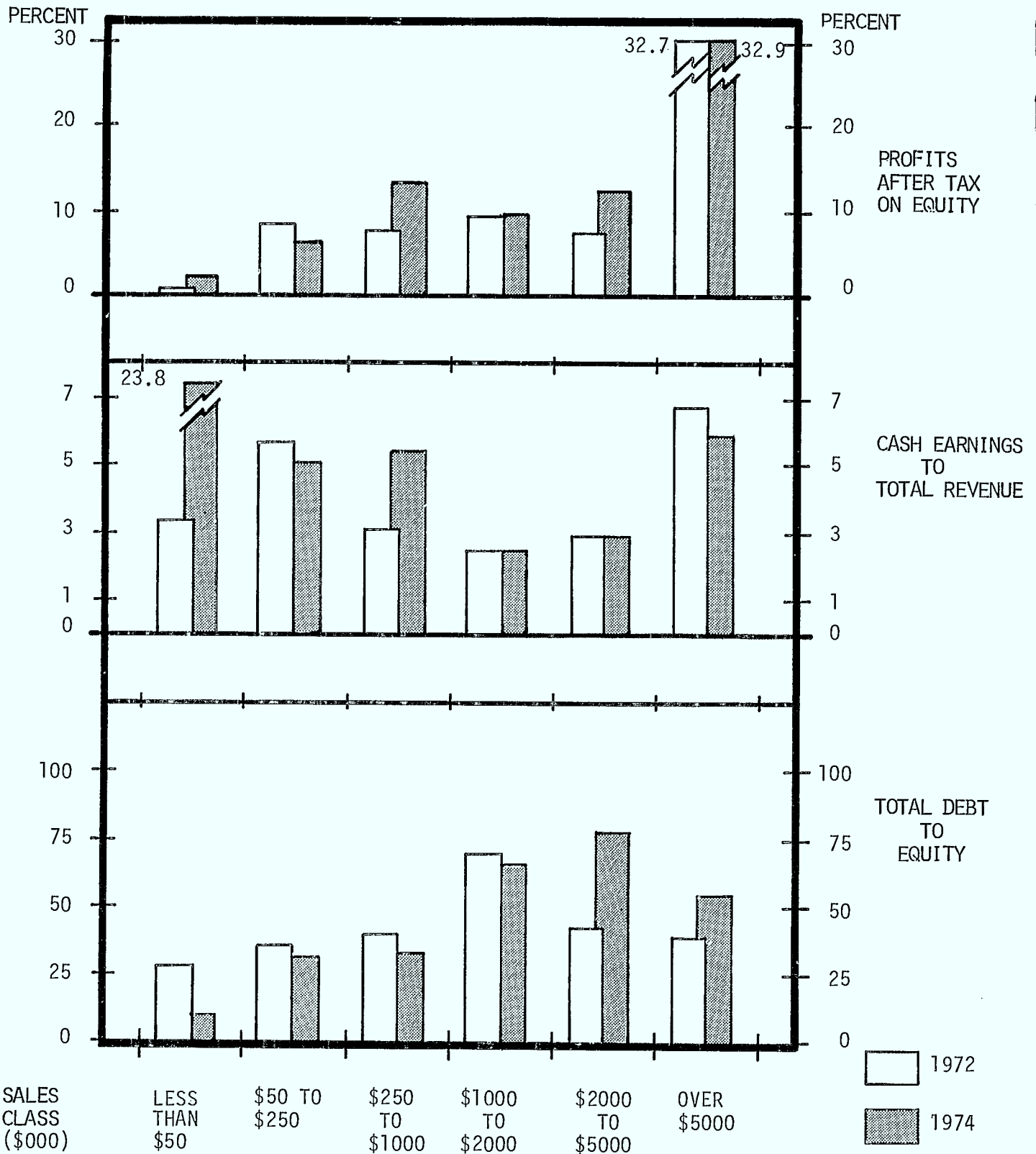
FIGURE 3.10: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS:  
WHOLESALE TRADE



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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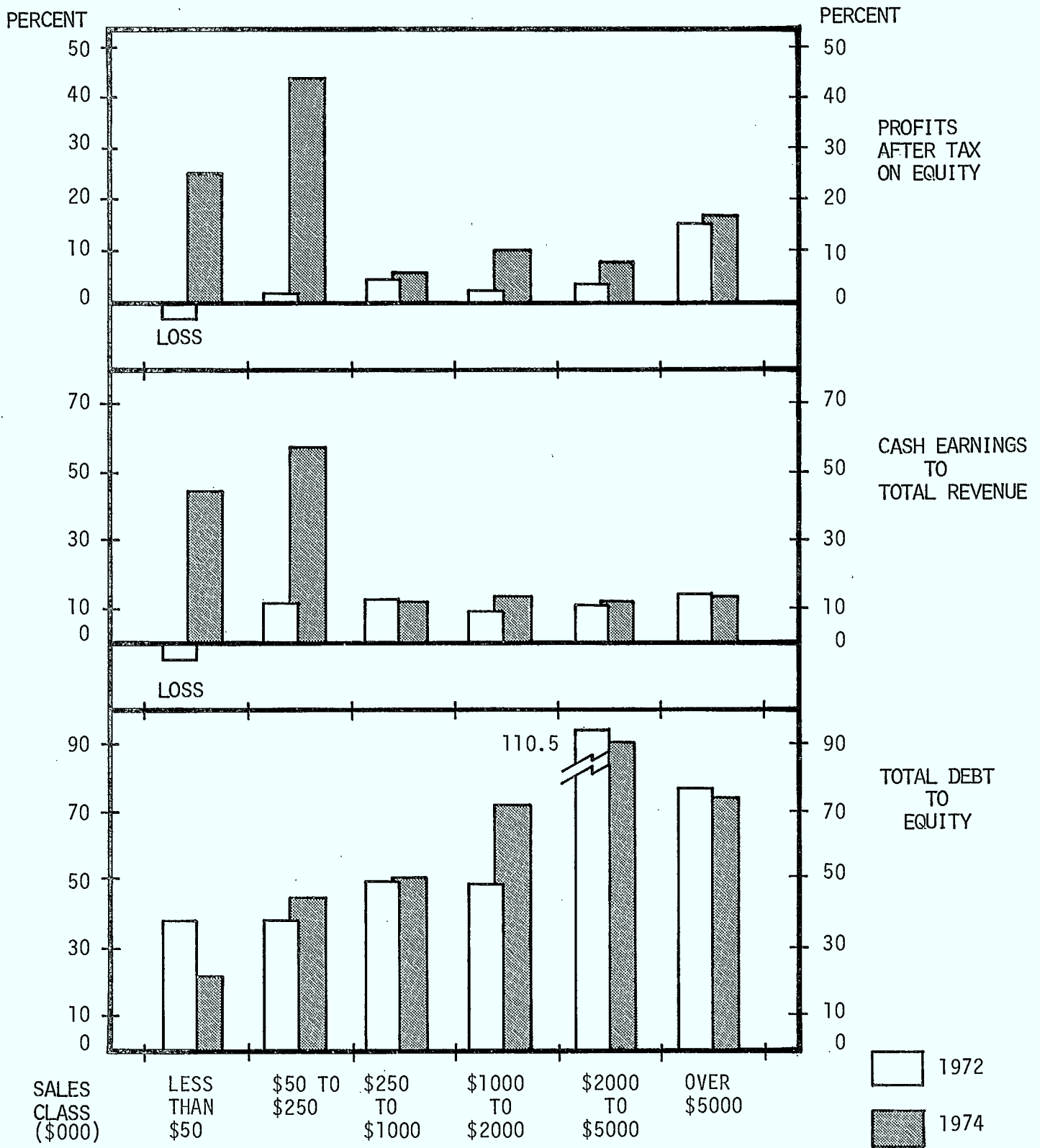
FIGURE 3.11: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS:  
RETAIL TRADE



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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FIGURE 3.12: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS:  
THE SERVICE INDUSTRY



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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Trade and Commerce.*

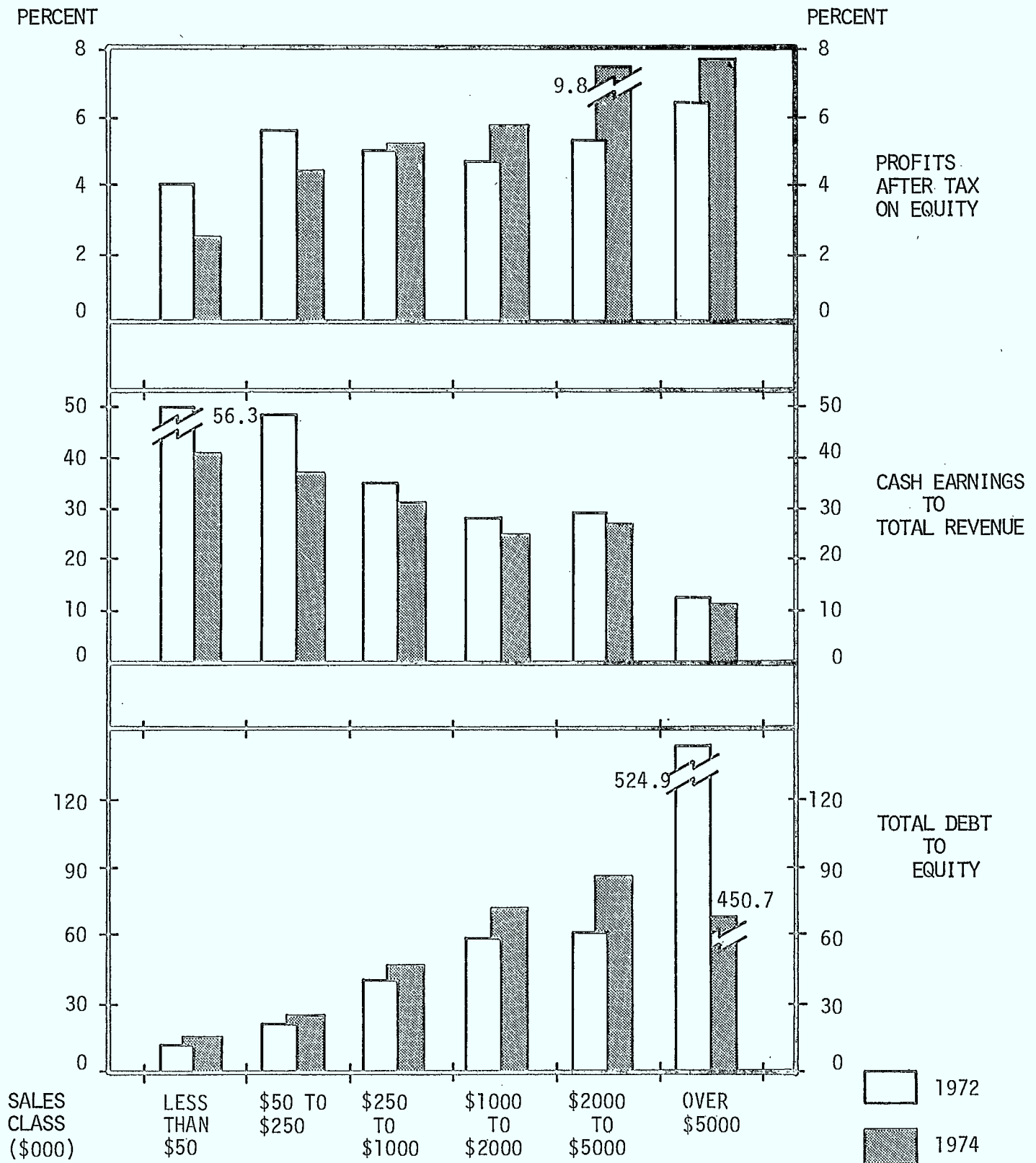
### The Service industry

Financial ratios produced for the Service industry appear to be less reliable for the smallest sales class. Profitability, measured on capital employed, equity and assets, appeared to be substantially higher for the largest sales class. This pattern was also repeated for profitability and cash earnings measured on total revenue, i.e., the largest sales class appeared to perform best. Leverage, as measured by both debt ratios in Table 3.35, appeared to be higher for the two largest classes of companies.

### The Finance sector

The Finance sector includes investment companies, banks, insurance companies, real estate companies, trust companies and other financial intermediaries in general. As a result, some of the difference in ratios for the various sales classes is due to the different types of companies in each class. For example, the total debt to equity ratio for the over \$5 million sales class is extremely high because of the chartered banks which most probably dominate that class.

FIGURE 3.13: SELECTED FINANCIAL RATIOS FOR INCORPORATED BUSINESS:  
THE FINANCE SECTOR



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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#### 4. AN OVERVIEW OF FINANCING TRENDS

This section provides an overview of some of the principal financing sources available to businesses in Canada. There are two dominant sources of debt financing available to small and medium size businesses. These are the Chartered Banks and the Federal Business Development Bank (FBDB). In 1975, for example, the Chartered Banks had just over \$9 billion of loans outstanding of \$1 million or less authorization. It is most likely that these loans were made to small and medium size businesses. The Federal Businesses Development Bank had \$1.17 billion in loans outstanding at their September 1975 year end.

There are three other loan acts which provide for special guarantees on loans made by financial intermediaries. The first of these is the Small Business Loan Act. This act provides for loans to be made by the Chartered Banks and Alberta Treasury Branches to businesses earning less than \$1 million in gross revenue. The loans are generally made for purchase of land, purchase of fixed or moveable equipment, and for the modernization or the construction of premises. The loans are generally less than \$50,000 (1975) and may be repaid over ten years. The Minister of Finance guarantees repayment. At the end of 1975, \$153 million in Small Business Loan Act Loans were outstanding, principally through the Chartered Banks.

The Farm Improvement Loan Act is meant to provide intermediate and short term credit to farmers for the improvement or development of farms. These loans may be used for the purchase of agricultural implements, construction and repair of farm buildings, the purchase of livestock, the purchase of additional farm land and for general improvements. The maximum amount of these loans was \$50,000 (1975) to be repaid over ten years. At the 1975 year end there were \$490 million in outstanding loans.



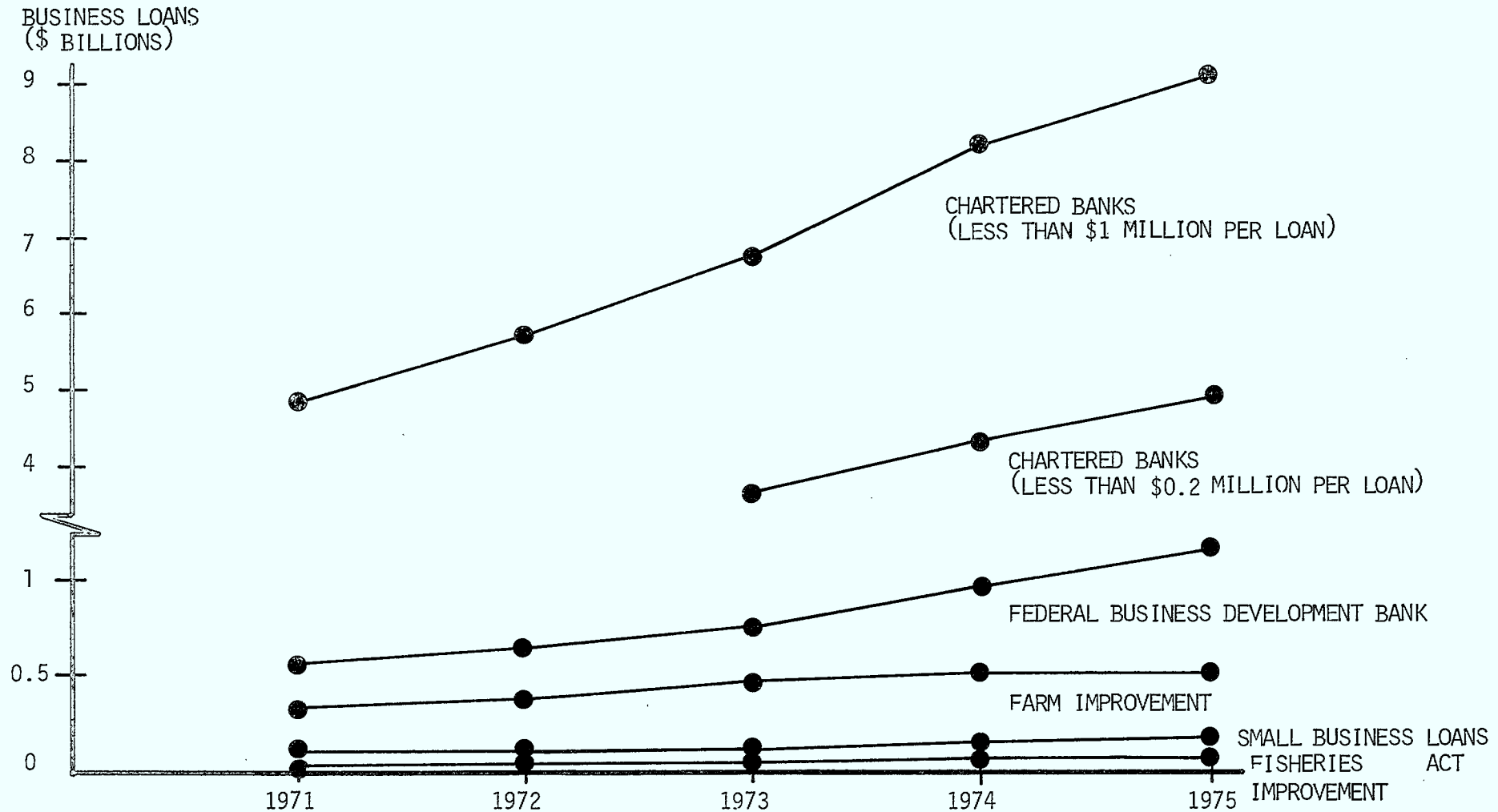
The Fisheries Improvements Loans Act has been structured on the same basis. However, all loans made since inception amounted to only \$48 million at the end of 1975.

Table 4.1 indicates that Chartered Bank Loans of less than \$1 million authorization have declined, as a percentage of all loans being made, from 43.7% to 39.0% between 1971 and 1975, a circumstance which may be attributable to the inflation experienced during this period. Loans of more than \$5 million grew by 136% as opposed to the overall growth of all loans of 110%. By comparison, loans less than \$1 million grew by 87% over this time span.

Table 4.2 describes the regional distribution of loans in Canada for the Chartered Banks, SBLA loans, and for the FBDB. The FBDB, at the end of the 1975 fiscal year, had 33.9% of its loans in British Columbia, about 19.9% in Quebec, and 23.7% in Ontario. The Chartered Banks (loans under \$200,000 authorization) had 36.1% of its loans in Ontario and, 23.3% in Quebec and 18.6% in British Columbia. SBLA loans were most concentrated in British Columbia (25.9%) and Quebec (23.5%).

Table 4.3 describes the distribution of three major sources of financing by major industry class. The Chartered Banks lend almost 70% of their funds to the manufacturing sector and to services. The Small Businesses Loans Act and the FBDB are more oriented towards merchandising, construction and services.

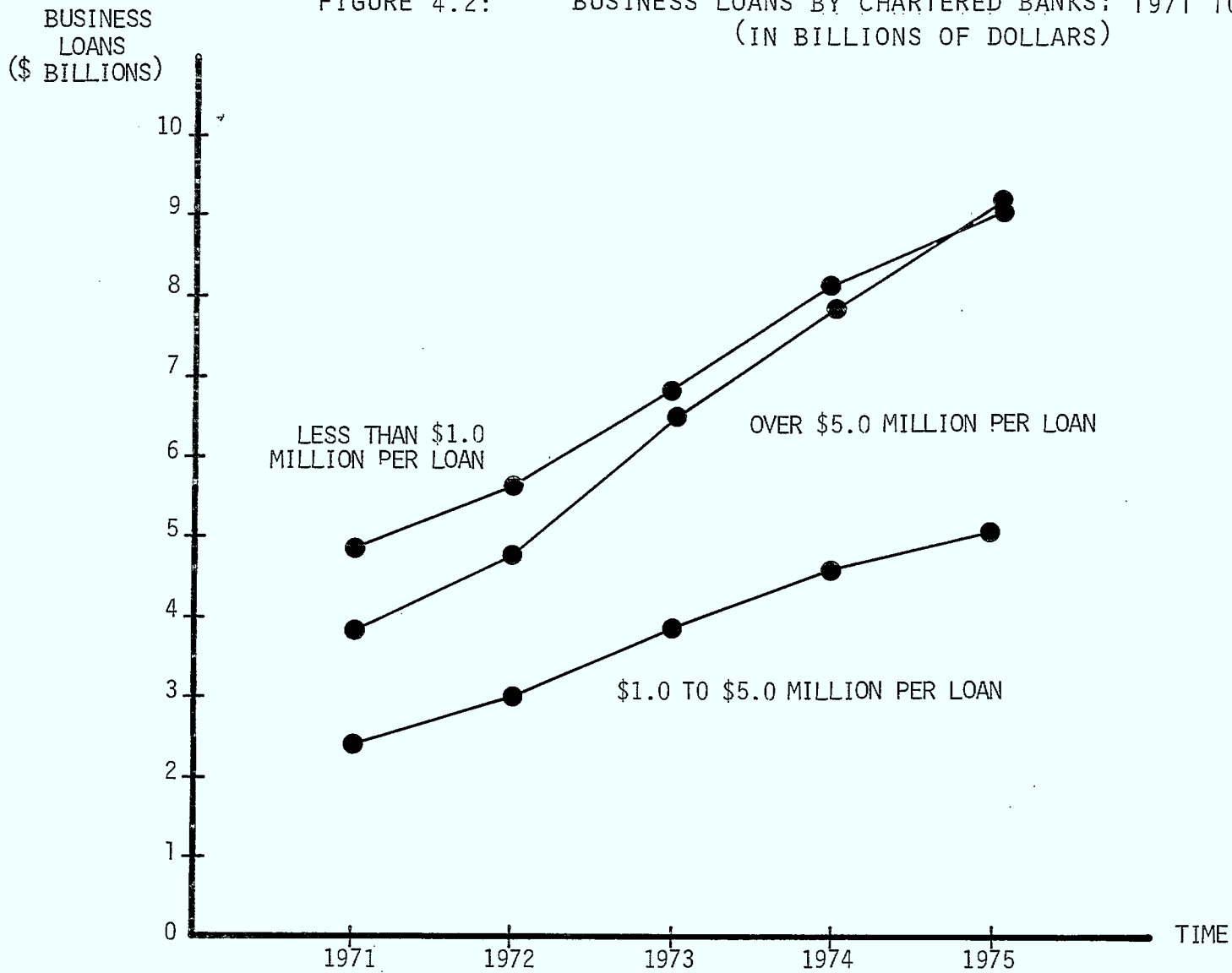
FIGURE 4.1: BUSINESS LOANS BY SOURCE OF FINANCING: 1971 TO 1975  
(IN BILLIONS OF DOLLARS)



SOURCES: SMALL BUSINESS LOANS ACT, ANNUAL REPORT, 1975.  
INDUSTRIAL DEVELOPMENT BANK (SUCCEEDED BY THE FBDB), ANNUAL REPORT, 1975.  
BANK OF CANADA REVIEW, APRIL 1977.

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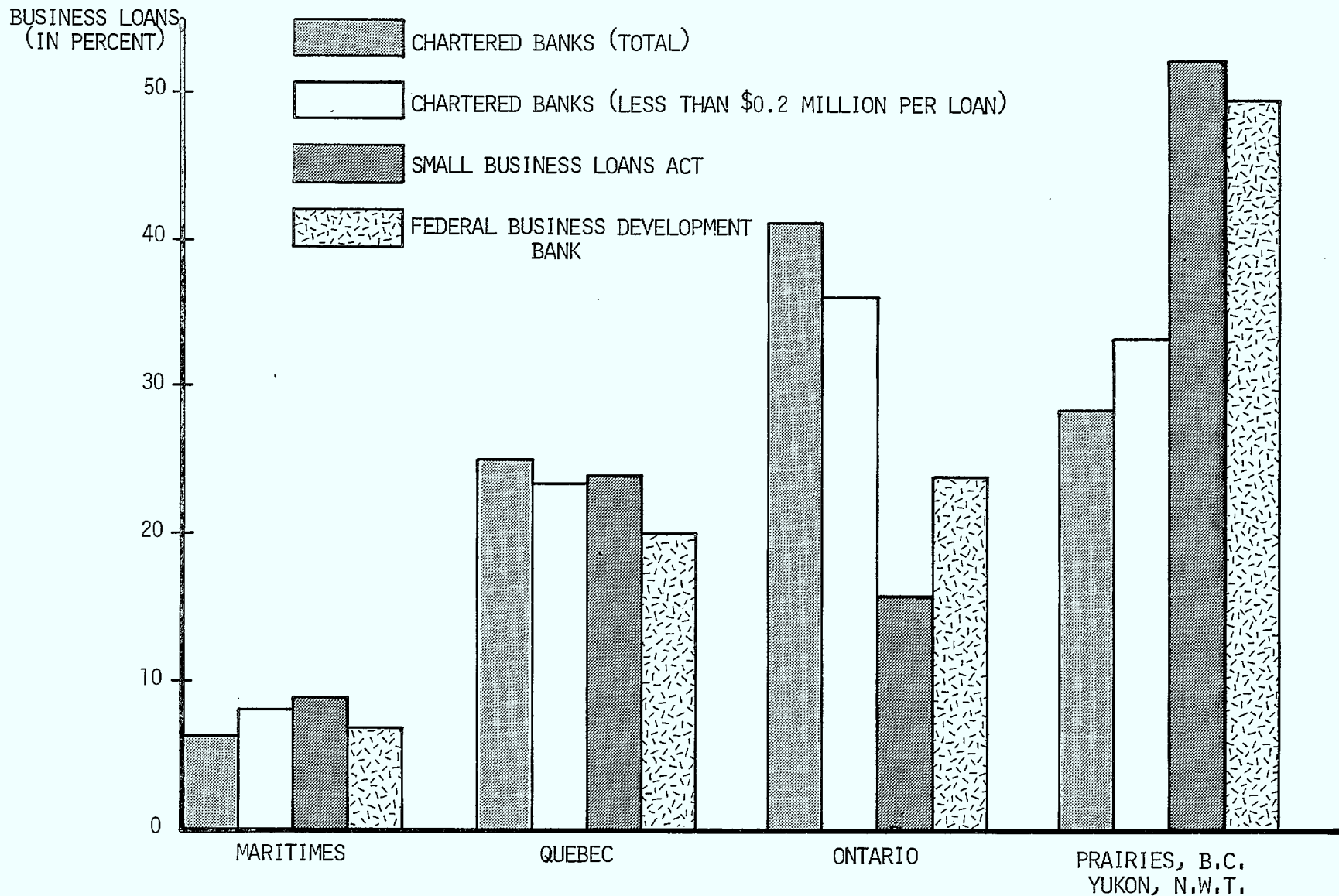
FIGURE 4.2: BUSINESS LOANS BY CHARTERED BANKS: 1971 TO 1975  
(IN BILLIONS OF DOLLARS)



SOURCE: BANK OF CANADA REVIEW, APRIL 1977.

*Small Business Secretariat,  
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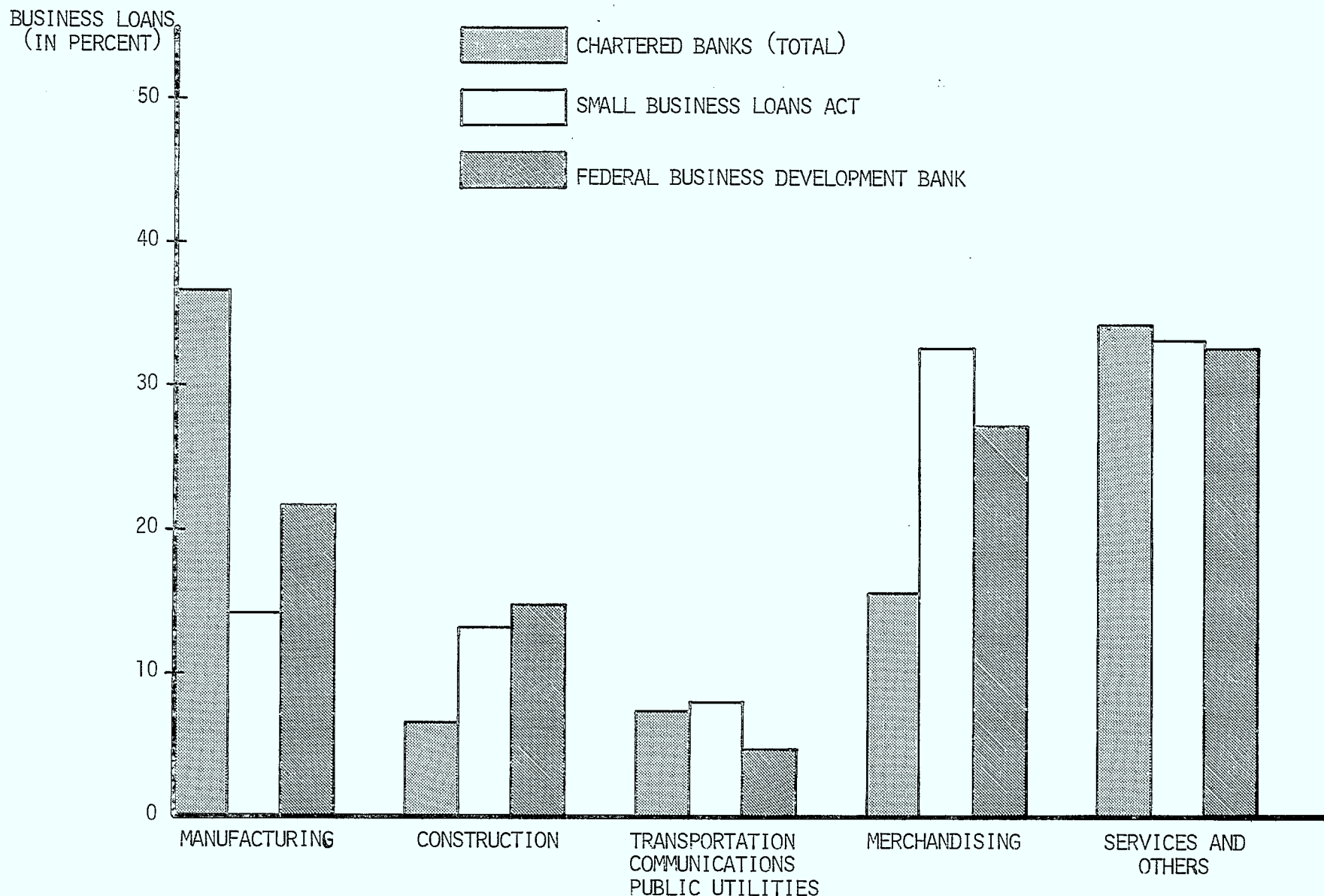
FIGURE 4.3: GEOGRAPHIC DISTRIBUTION OF BUSINESS LOANS BY SOURCE OF FINANCING: 1975



SOURCES: SMALL BUSINESS LOANS ACT, ANNUAL REPORT, 1975.  
 INDUSTRIAL DEVELOPMENT BANK (SUCCEEDED BY THE FBDB), ANNUAL REPORT, 1975.  
 BANK OF CANADA REVIEW, APRIL 1977.

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FIGURE 4.4: BUSINESS LOANS BY SOURCE OF FINANCING FOR MAJOR INDUSTRY SECTORS: 1975



SOURCES: SMALL BUSINESS LOANS ACT, ANNUAL REPORT, 1975.  
 INDUSTRIAL DEVELOPMENT BANK (SUCCEEDED BY THE FBDB), ANNUAL REPORT, 1975.  
 BANK OF CANADA REVIEW, APRIL 1977.

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## 5. TRENDS IN BUSINESS FAILURES

This section provides background information on business failures over the period 1971 to 1974. Over this period the number of bankruptcies rose from 2,927 in 1970 to 3,081 in 1972, but subsequently declined to 2,790 in 1974. Table 5.1 indicates that unincorporated bankruptcies over this period have amounted to more than twice the number of incorporated bankruptcies. For example, there were 857 incorporated bankruptcies and 1,933 unincorporated bankruptcies in 1974.

On a regional basis, Quebec had the highest number of bankruptcies in 1970 with 1,367. This represented 46.6% of the total for all Canada compared to 36.2% for Ontario. In 1974, however, Quebec's proportion of the bankruptcy total fell to 39.3%, while Ontario's share rose to 40.3%. Bankruptcies in the West rose from 15.7% to 18.9% of the total over this period, while bankruptcies in the Maritimes remained flat at 1.5%.

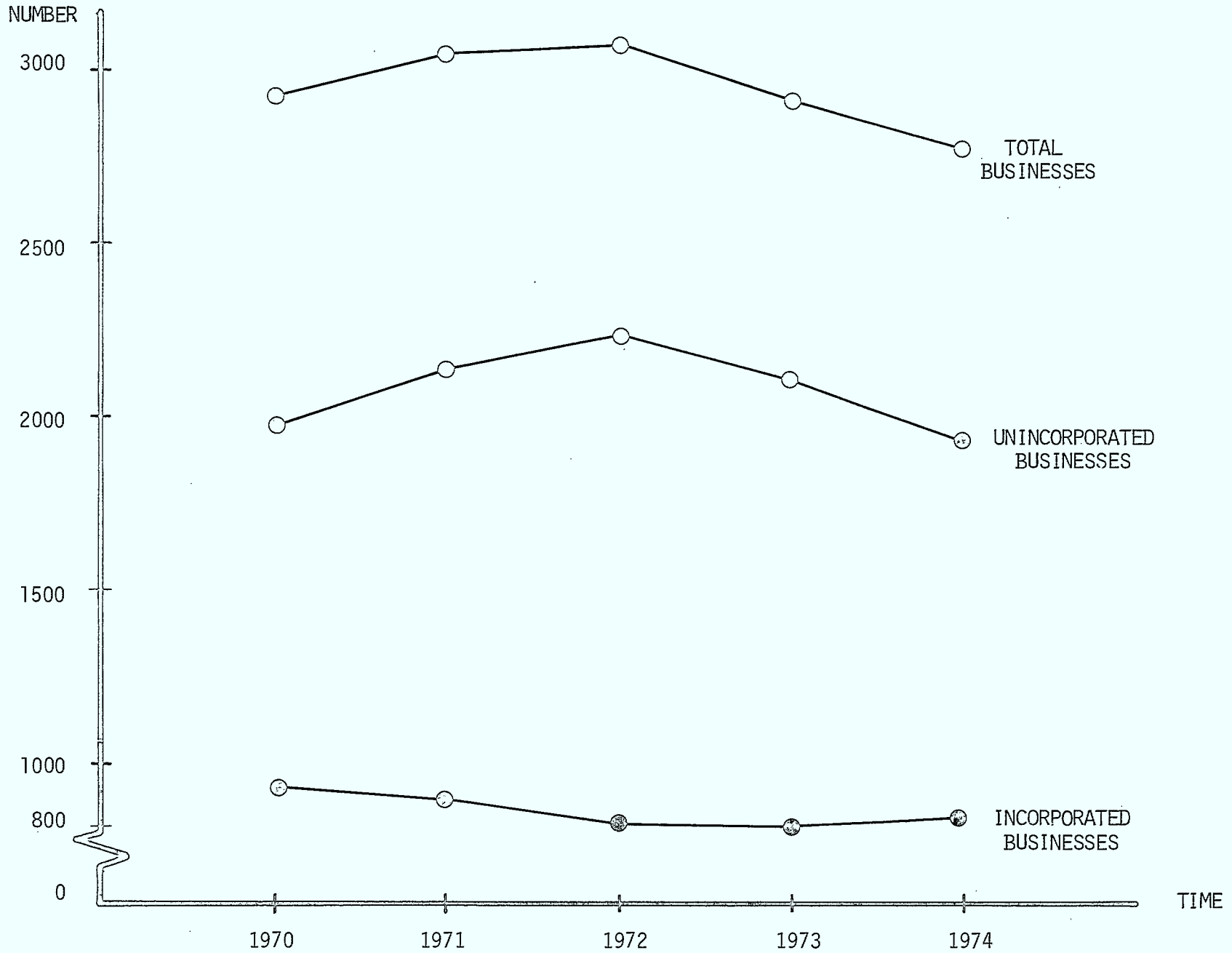
Bankruptcies for four industry classes were studied: Manufacturing, Construction, Trade and Services. Bankruptcies declined slightly in Manufacturing to 12.1% of the total. Construction was virtually flat at about 16.0% in both 1970 and 1974. Trade bankruptcies declined to 44.1% from 51.2% of all bankruptcies and Services rose to 27.7% from 19.2%.

Outstanding liabilities of business failures amounted to \$267 million in 1974, virtually the same as in 1970. Outstanding liabilities of business failures for all industry classes rose slightly, with the exception of Manufacturing which declined.

Table 5.4 describes business failures for major industry classes by size of liability. All business failures are divided by size

of liability into greater than \$100,000 per liability and less than \$100,000. For Construction, Trade and Services, business failures with liabilities of less than \$100,000 accounted for 74% to 79% of the business failures (1975). Manufacturing was more evenly split, with 57.8% of business failures reporting less than \$100,000 in outstanding liabilities and 42.2% reporting outstanding liabilities of over \$100,000. A reasonable assumption might be that outstanding liabilities are probably indicative of the size of the business that fails. Therefore, it appears that very small businesses, as represented by size of outstanding liabilities are three times or more as likely to fail than larger businesses.

FIGURE 5.1: REPORTED BUSINESS FAILURES: 1970 TO 1974

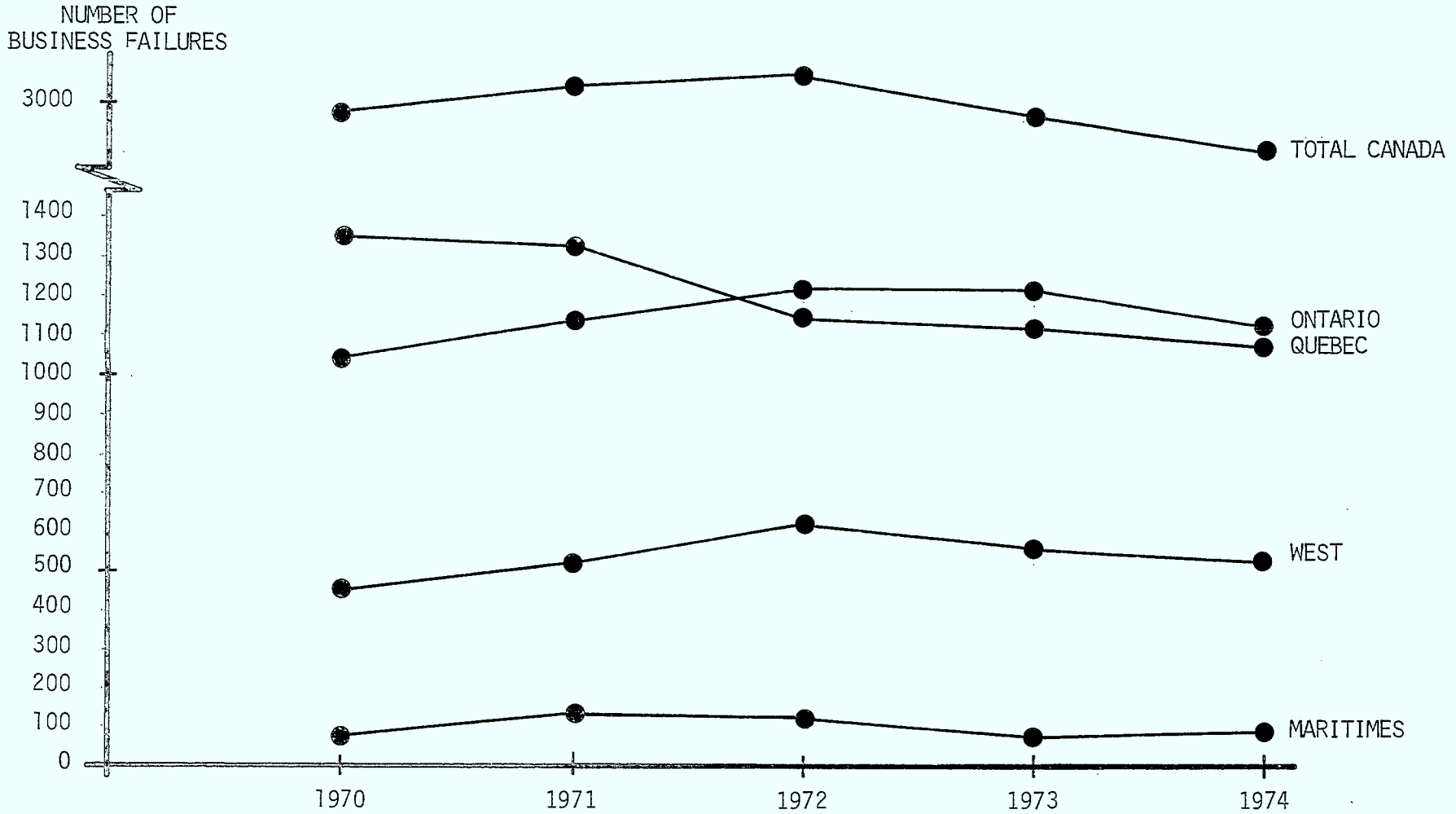


SOURCE: REPORT OF THE SUPERINTENDANT OF BANKRUPTCY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS.

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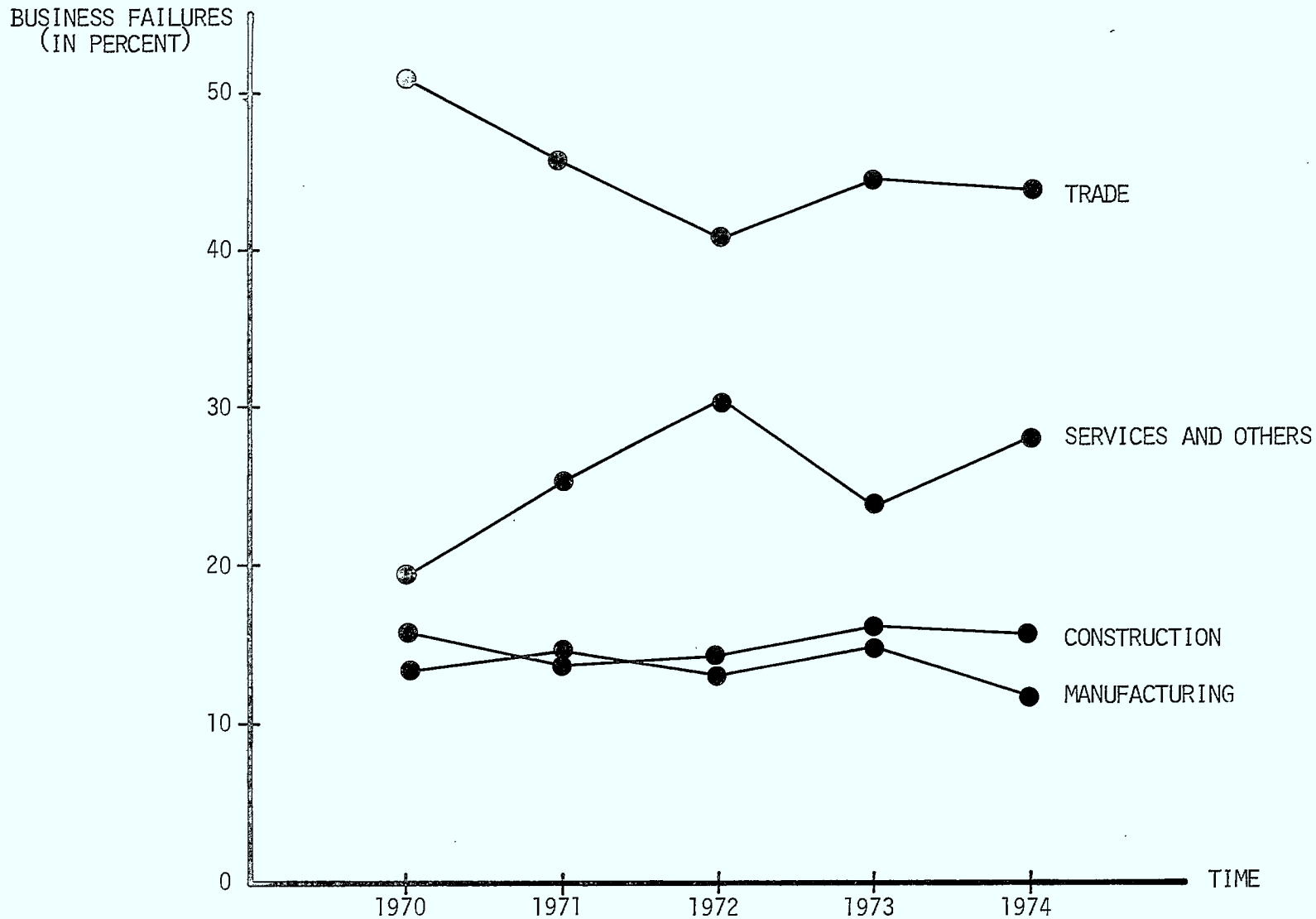
FIGURE 5.2: TRENDS IN GEOGRAPHIC DISTRIBUTION OF BUSINESS FAILURES: 1970 TO 1974



SOURCE: REPORT OF THE SUPERINTENDANT OF BANKRUPTCY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS.

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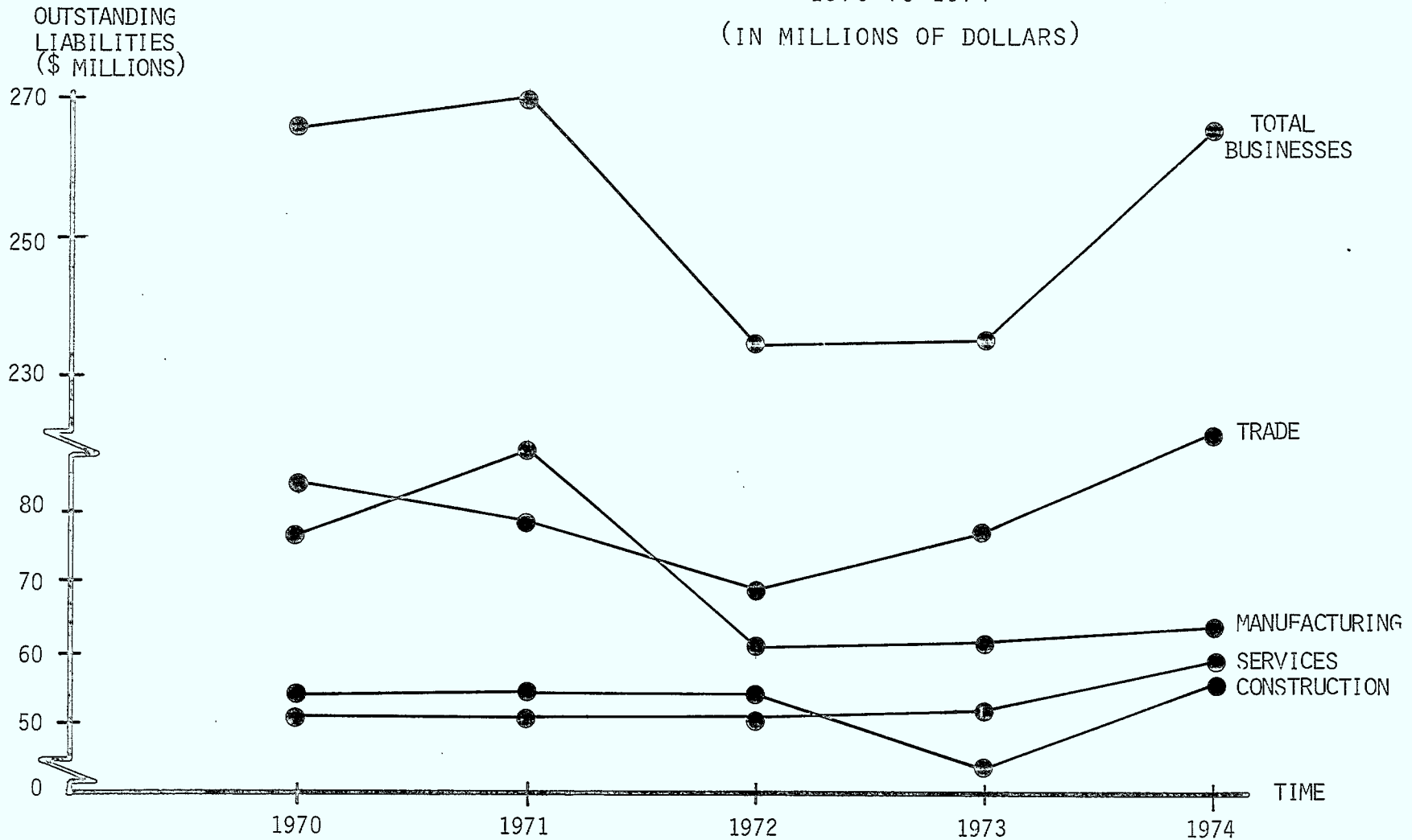
FIGURE 5.3: BUSINESS FAILURES FOR MAJOR INDUSTRY SECTORS; 1970 TO 1974



SOURCE: REPORT OF THE SUPERINTENDANT OF BANKRUPTCY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS.

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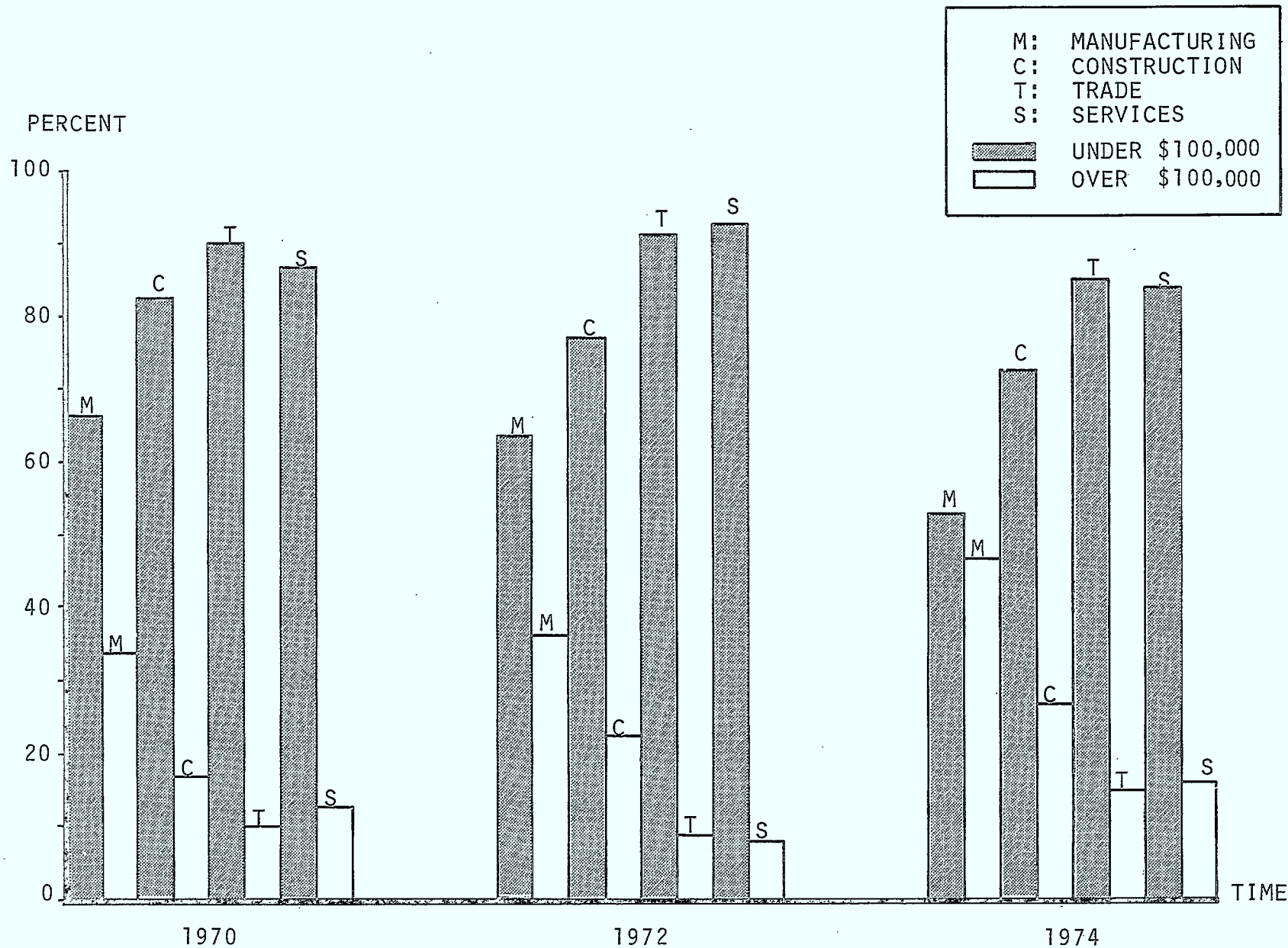
FIGURE 5.4: OUTSTANDING LIABILITIES OF BUSINESS FAILURES FOR MAJOR INDUSTRY SECTORS:  
1970 TO 1974  
(IN MILLIONS OF DOLLARS)



SOURCE: REPORT OF THE SUPERINTENDANT OF BANKRUPTCY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS.

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FIGURE 5.5: BUSINESS FAILURES FOR MAJOR INDUSTRY SECTORS BY AMOUNT OF LIABILITY OVER TIME  
(IN PERCENT OF INDUSTRY SECTOR)



SOURCE: COMMERCIAL FAILURES, STATISTICS CANADA, CATALOGUE NO. 61-002.

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## 6. ESTIMATED EMPLOYMENT PROFILE

### a) Introduction

The employment profile is an estimate of employment for each of the eight major industrial categories, over six sales classes. No estimates are provided for the "Other" category as this category includes a number of unrelated industrial sectors. The employment estimates are broken into estimates for unincorporated as well as incorporated businesses. A partial total for all Canada is provided. However, this table is the summation of the eight industrial sectors and excludes the "Other" category.

The employment estimates are based on a proxy calculation. The calculation derives from an estimate of salaries and wages as a percent of gross revenues in each industrial sector. This estimate, which is calculated from the industrial sector income statements in Corporate Financial Statistics [1] is then applied to each of the sales classes in the industrial sector for both unincorporated as well as incorporated businesses.

Annual estimates of average annual total earnings were calculated based on the surveys published by Statistics Canada [4,5].

Because of the construction of the proxy estimate, businesses in the smallest sales class appeared to average less than one employee per firm. This results from the low average sales figures per business. Since the proxy calculations are derived based on statistics compiled mainly for larger corporations, salaries as a percent of sales are no longer meaningful. These smaller businesses may earn very marginal returns or may be more of a part time operation than a full time business.

The employment estimates have been adjusted for the smallest sales class to allow at least one employee per business. In most cases these businesses consist mainly of self-employed individuals.

b) Analysis

The profile of estimated employment attributes employment of 1,457,870 to businesses with sales of less than \$1 million. If these businesses are defined as small, then small businesses accounted for about 26% of total employment.

As may be seen in the Tables, this percentage varies widely for the industrial sectors. For Primary Manufacturing, businesses with less than \$1 million in sales accounted for about 4.6% of all employees in the sector. Secondary Manufacturing businesses with less than \$1 million in sales accounted for 8.1% of employment. These statistics are similar to the sales profiles produced earlier. In those profiles Manufacturing firms appeared to be most concentrated, with big firms accounting for the largest proportion of all business sales.

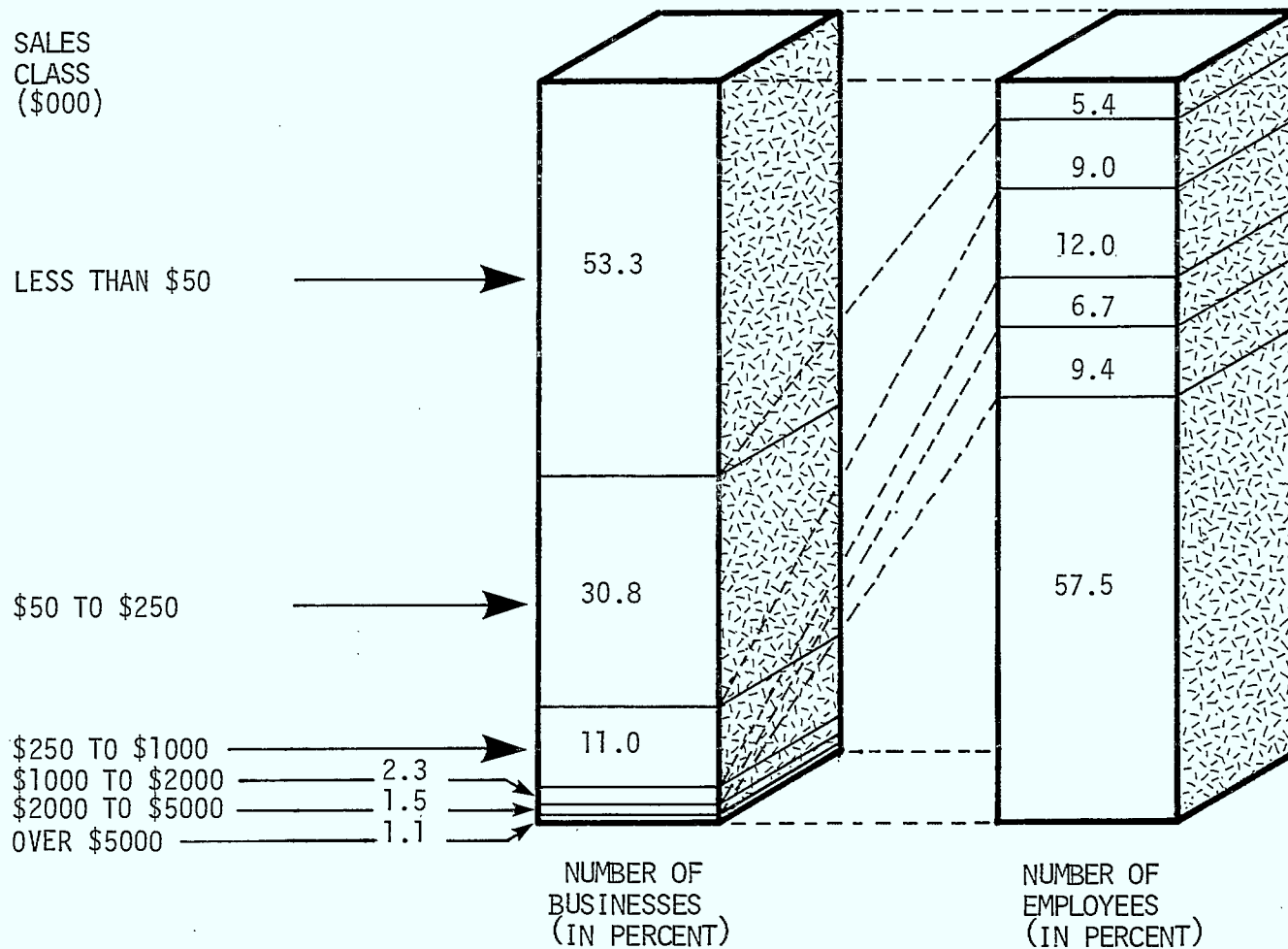
Small businesses (less than \$1 million sales) contribute much more to employment in Transportation (24.3%) and in Construction (45.1%). Construction provides the second highest percentage of employment of the industrial sectors studies. Small businesses accounted for 17.4% of employment in Wholesale Trade but 38.1% of the employment in the Retail Trade sector.

The highest employment contribution of small business is in the Services sector, in which small businesses accounted for 55.6% of total employment. Small businesses in the Finance sector provided

28.9% of employment in that sector.

Comparisons with published surveys produced by Statistics Canada indicate that the proxy calculations provide a good estimate of sector employment. Most surveys, however, collect data at the establishment level and not at the business entity level. It is, therefore, quite difficult to relate the statistics produced here for businesses on the basis of sales class to other surveys. It does appear, however, that the proxy calculation produces a slight overestimate of employment.

FIGURE 6.1: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES FOR ALL CANADA: 1974

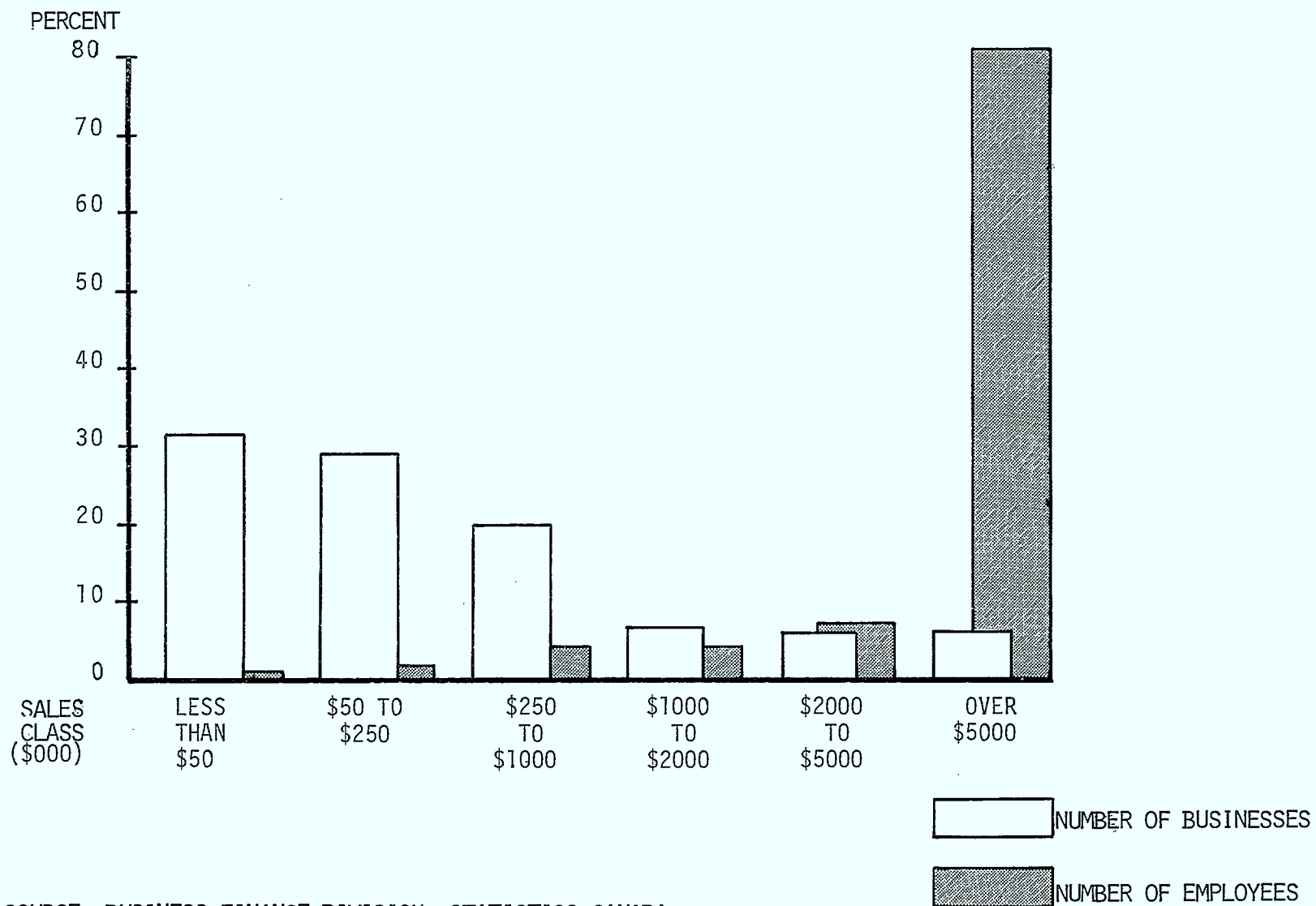


SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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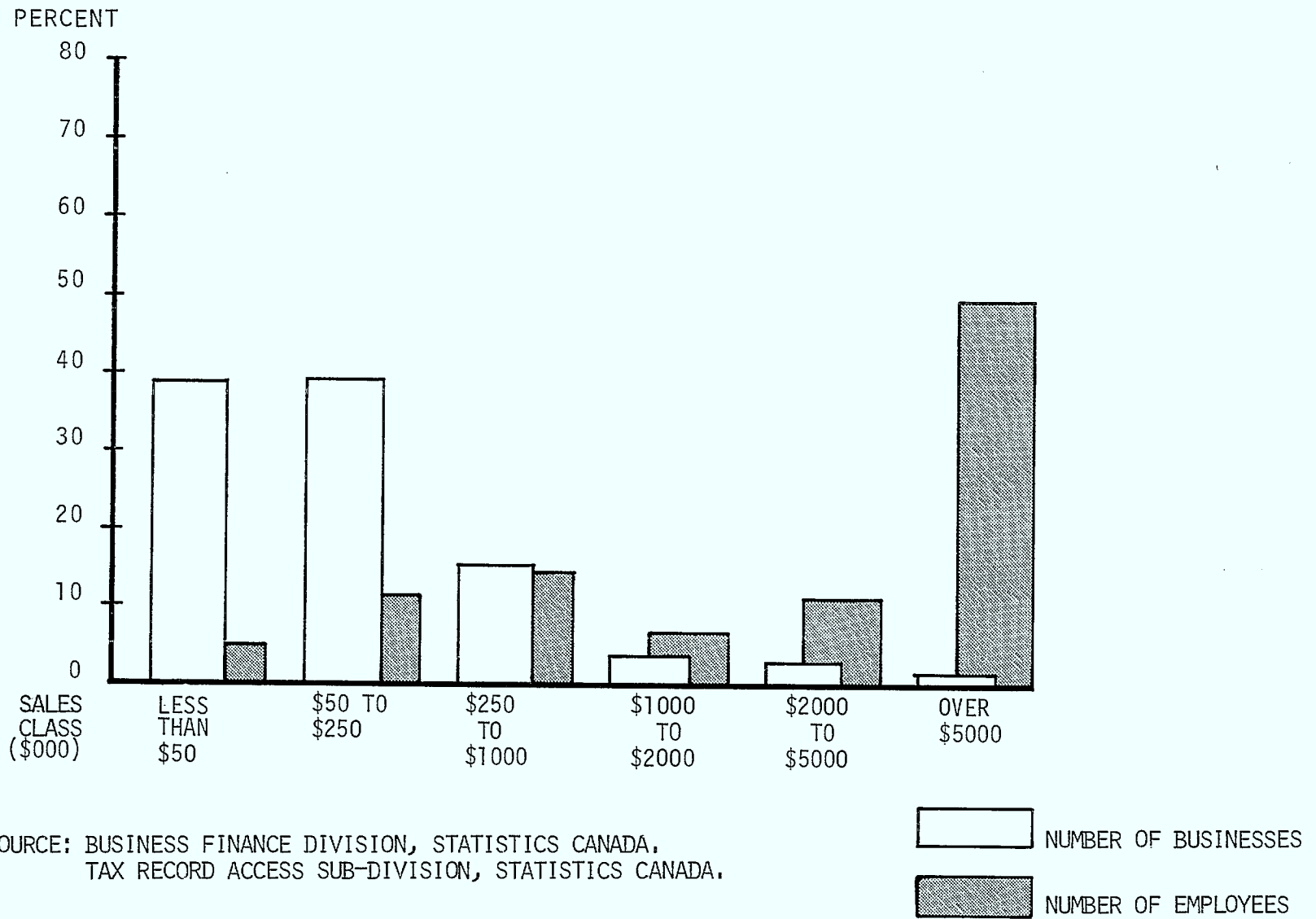
FIGURE 6.2: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES FOR TOTAL MANUFACTURING: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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FIGURE 6.3: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES  
FOR TOTAL WHOLESALE AND RETAIL TRADE: 1974



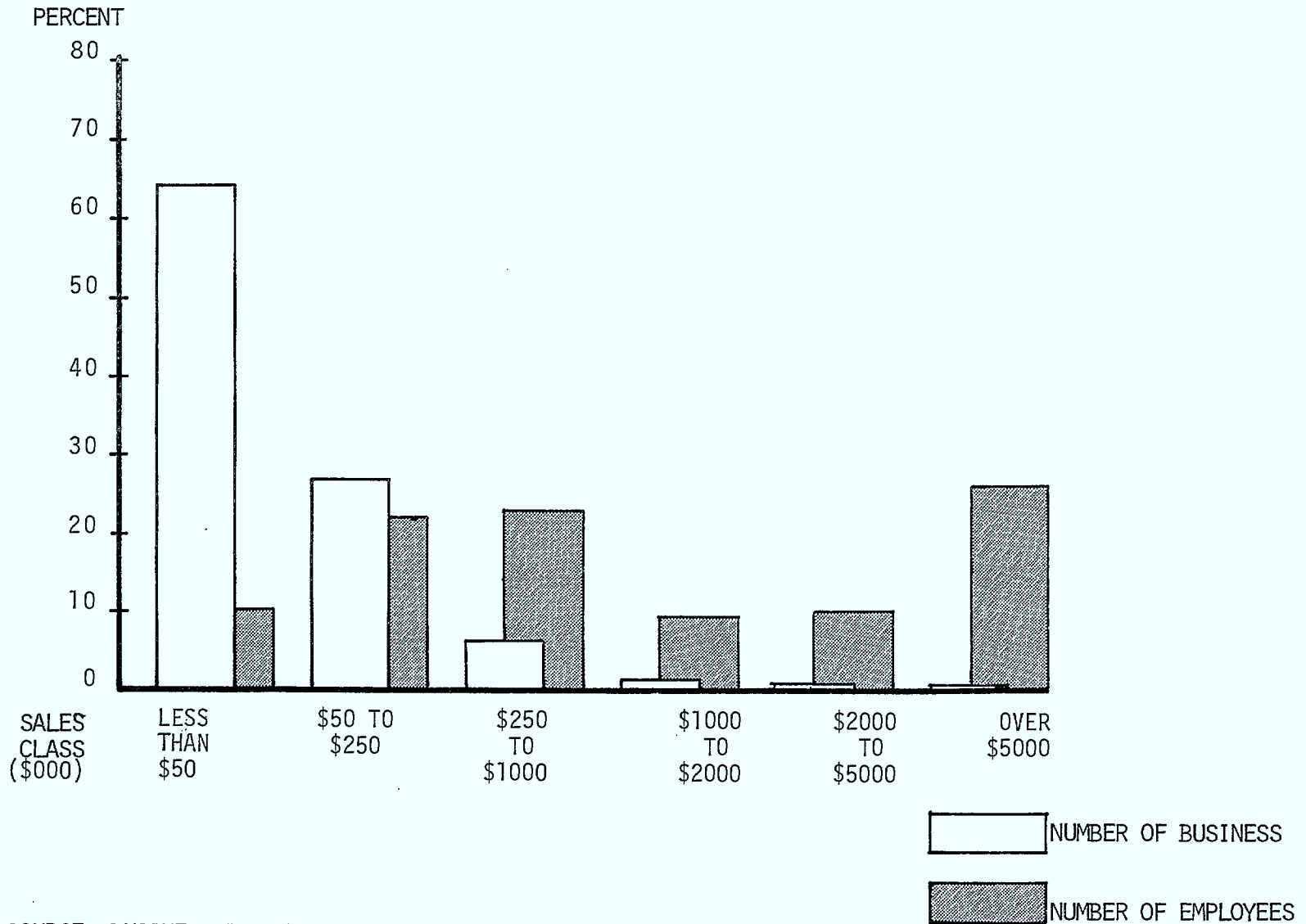
SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

NUMBER OF BUSINESSES

NUMBER OF EMPLOYEES

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FIGURE 6.4: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES FOR THE SERVICE INDUSTRY: 1974



SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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## REFERENCES

1. Corporate Financial Statistics, Statistics Canada, Catalogue No. 61-207.
2. Corporation Taxation Statistics, Statistics Canada, Catalogue No. 61-208.
3. Standard Industrial Classification Manual, Statistics Canada, Catalogue No. 12-501 (occasional).
4. Employment Earnings and Hours, Statistics Canada, Catalogue No. 72-002.
5. Estimates of Employees by Province and Industry, Statistics Canada, Catalogue No. 72-514.
6. Small Business Loans Act, Annual Reports, 1971-1975, Minister of Finance.
7. Fisheries Improvement Loans Act, Annual Reports, 1971-1975, Minister of Finance.
8. Farm Improvement Loans Act, Annual Reports, 1971-1975, Minister of Finance.
9. Bank of Canada Review, April 1977, Bank of Canada.
10. Industrial Development Bank (Succeeded by the FBDB), Annual Report, 1975.
11. Report of the Superintendent of Bankruptcy, 1971-1975, Consumer and Corporate Affairs.
12. Commercial Failures, Statistics Canada, Catalogue No. 61-002.

APPENDICES

APPENDIX 1: TABLES

TABLE 2.1: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR ALL CANADA: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	250,686	4,858.5	1,266.9	26.1
	INCORP.	81,695	1,520.9	245.5	16.1
	TOTAL	332,381	6,379.4	1,512.4	
\$50 TO \$250	UNINCORP.	98,870	10,237.7	1,137.0	11.1
	INCORP.	88,961	11,217.9	1,029.4	9.2
	TOTAL	187,831	21,455.6	2,166.4	
\$250 TO \$1000	UNINCORP.	10,867	4,301.1	253.3	5.9
	INCORP.	54,297	26,722.4	1,714.9	6.4
	TOTAL	65,164	31,023.5	1,968.2	
\$1000 TO \$2000	UNINCORP.	499	671.4	18.7	2.8
	INCORP.	13,102	18,299.3	1,035.2	5.7
	TOTAL	13,601	18,970.7	1,053.9	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	8,943	27,614.1	1,733.1	6.3
	TOTAL	8,943	27,614.1	1,733.1	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	6,127	188,730.4	18,049.3	9.6
	TOTAL	6,127	188,730.4	18,049.3	
TOTAL CANADA	UNINCORP.	360,922	20,068.8	2,675.9	13.3
	INCORP.	253,125	274,105.0	23,807.4	8.7
	TOTAL	614,047	294,173.8	26,483.3	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.2: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR NEWFOUNDLAND: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	3,575	68.7	13.4	19.5
	INCORP.	649	13.1	0.9	6.9
	TOTAL	4,224	81.8	14.3	
\$50 TO \$250	UNINCORP.	1,599	159.5	14.3	9.0
	INCORP.	1,046	138.6	5.3	3.8
	TOTAL	2,645	298.1	19.6	
\$250 TO \$1000	UNINCORP.	175	73.1	3.6	4.9
	INCORP.	745	360.3	15.6	4.3
	TOTAL	920	433.4	19.2	
\$1000 TO \$2000	UNINCORP.	-	-	-	-
	INCORP.	183	250.6	15.1	6.0
	TOTAL	183	250.6	15.1	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	127	409.9	21.2	5.2
	TOTAL	127	409.9	21.2	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	79	1,739.4	70.3	4.0
	TOTAL	79	1,739.4	70.3	4.0
TOTAL CANADA	UNINCORP.	5,349	301.3	31.3	10.4
	INCORP.	2,829	2,911.9	128.4	4.4
	TOTAL	8,178	3,213.2	159.7	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.3: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
 FOR PRINCE EDWARD ISLAND: 1974  
 (IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	1,069	19.9	4.2	21.1
	INCORP.	266	5.0	0.5	10.0
	TOTAL	1,335	24.9	4.7	
\$50 TO \$250	UNINCORP.	434	51.5	4.0	7.8
	INCORP.	344	42.1	3.2	7.6
	TOTAL	778	93.6	7.2	
\$250 TO \$1000	UNINCORP.	54	17.2	1.4	8.1
	INCORP.	247	117.9	8.1	6.9
	TOTAL	301	135.1	9.5	
\$1000 TO \$2000	UNINCORP.	-	-	-	-
	INCORP.	48	67.8	2.6	3.8
	TOTAL	48	67.8	2.6	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	42	123.6	4.3	3.5
	TOTAL	42	123.6	4.3	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	12	206.0	43.2	21.0
	TOTAL	12	206.0	43.2	
TOTAL CANADA	UNINCORP.	1,557	88.6	9.6	10.8
	INCORP.	959	562.4	61.9	11.0
	TOTAL	2,516	651.0	71.5	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
 TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.4: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR NOVA SCOTIA: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	7,938	151.0	33.2	22.0
	INCORP.	1,988	37.1	4.2	11.3
	TOTAL	9,926	188.1	37.4	
\$50 TO \$250	UNINCORP.	2,768	273.9	26.4	9.6
	INCORP.	2,363	303.9	16.4	5.4
	TOTAL	5,131	577.8	42.8	
\$250 TO \$1000	UNINCORP.	225	81.4	3.6	4.4
	INCORP.	1,384	672.2	35.0	5.2
	TOTAL	1,609	753.6	38.6	
\$1000 TO \$2000	UNINCORP.	2	2.9	0.1	3.4
	INCORP.	330	468.1	24.3	5.2
	TOTAL	332	471.0	24.4	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	204	608.6	24.5	4.0
	TOTAL	204	608.6	24.5	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	121	3,091.7	261.7	8.5
	TOTAL	121	3,091.7	261.7	
TOTAL CANADA	UNINCORP.	10,933	509.2	63.3	12.4
	INCORP.	6,390	5,181.6	366.1	7.1
	TOTAL	17,323	5,690.8	429.4	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.5: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR NEW BRUNSWICK: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	7,433	137.0	25.3	18.5
	INCORP.	1,501	28.0	4.3	15.4
	TOTAL	8,934	165.0	29.6	
\$50 TO \$250	UNINCORP.	2,755	281.1	23.3	8.3
	INCORP.	1,915	247.4	14.5	5.9
	TOTAL	4,670	528.5	37.8	
\$250 TO \$1000	UNINCORP.	192	73.5	3.3	4.5
	INCORP.	1,159	562.4	32.5	5.8
	TOTAL	1,351	635.9	35.8	
\$1000 TO \$2000	UNINCORP.	5	5.5	0.01	0.2
	INCORP.	288	400.6	18.8	4.7
	TOTAL	293	406.1	18.8	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	172	514.9	21.6	4.2
	TOTAL	172	514.9	21.6	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	107	3,188.0	415.2	13.0
	TOTAL	107	3,188.0	415.2	
TOTAL CANADA	UNINCORP.	10,385	497.1	51.9	10.4
	INCORP.	5,142	4,941.3	506.9	10.3
	TOTAL	15,527	5,438.4	558.8	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.6: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR QUEBEC: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	65,379	1,284.3	289.7	22.6
	INCORP.	13,834	261.7	32.1	12.3
	TOTAL	79,213	1,546.0	321.8	
\$50 TO \$250	UNINCORP.	30,593	3,298.6	320.4	9.7
	INCORP.	17,112	2,177.4	248.0	11.4
	TOTAL	47,705	5,476.0	568.4	
\$250 TO \$1000	UNINCORP.	4,377	1,736.7	87.1	5.0
	INCORP.	12,584	6,379.6	306.5	4.8
	TOTAL	16,961	8,116.3	393.6	
\$1000 TO \$2000	UNINCORP.	242	312.9	3.6	1.2
	INCORP.	3,509	4,928.2	226.7	4.6
	TOTAL	3,751	5,241.1	230.3	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	2,561	7,899.3	435.5	5.5
	TOTAL	2,561	7,899.3	435.5	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	1,579	43,155.3	3,843.5	8.9
	TOTAL	1,579	43,155.3	3,843.5	
TOTAL CANADA	UNINCORP.	100,591	6,632.5	700.8	10.6
	INCORP.	51,179	64,801.5	5,092.3	7.9
	TOTAL	151,770	71,434.0	5,793.1	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.7: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR ONTARIO: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	93,334	1,830.3	502.9	27.5
	INCORP.	27,052	493.3	89.1	18.1
	TOTAL	120,386	2,323.6	592.0	
\$50 TO \$250	UNINCORP.	39,206	4,022.9	488.5	12.1
	INCORP.	30,628	3,924.0	353.8	9.0
	TOTAL	69,834	7,946.9	842.3	
\$250 TO \$1000	UNINCORP.	4,066	1,625.2	111.1	6.8
	INCORP.	20,576	10,211.9	688.1	6.7
	TOTAL	24,642	11,837.1	799.2	
\$1000 TO \$2000	UNINCORP.	136	176.0	9.6	5.5
	INCORP.	5,196	7,235.4	478.9	6.6
	TOTAL	5,332	7,411.4	488.5	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	3,560	10,997.1	670.9	6.1
	TOTAL	3,560	10,997.1	670.9	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	2,552	80,358.5	7,437.2	9.3
	TOTAL	2,552	80,358.5	7,437.2	
TOTAL CANADA	UNINCORP.	136,742	7,654.4	1,112.1	14.5
	INCORP.	89,564	113,220.2	9,718.0	8.6
	TOTAL	226,306	120,874.6	10,830.1	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.8: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR MANITOBA: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	10,096	185.7	47.6	25.6
	INCORP.	3,794	69.8	18.2	26.1
	TOTAL	13,890	255.5	65.8	
\$50 TO \$250	UNINCORP.	3,519	353.8	37.2	10.5
	INCORP.	3,602	451.0	48.0	10.6
	TOTAL	7,121	804.8	85.2	
\$250 TO \$1000	UNINCORP.	390	143.8	9.1	6.3
	INCORP.	2,101	1,021.3	71.4	7.0
	TOTAL	2,491	1,165.1	80.5	
\$1000 TO \$2000	UNINCORP.	11	13.5	0.6	4.4
	INCORP.	488	686.1	28.3	4.1
	TOTAL	499	699.6	28.9	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	336	1,035.6	149.0	14.4
	TOTAL	336	1,035.6	149.0	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	204	6,012.3	620.1	10.3
	TOTAL	204	6,012.3	620.1	
TOTAL CANADA	UNINCORP.	14,016	696.8	94.5	13.6
	INCORP.	10,525	9,276.1	935.0	10.1
	TOTAL	24,541	9,972.9	1,029.5	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.9: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR SASKATCHEWAN: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	9,744	197.5	49.6	25.1
	INCORP.	2,896	56.3	8.5	15.1
	TOTAL	12,640	253.8	58.1	
\$50 TO \$250	UNINCORP.	3,427	359.6	37.3	10.4
	INCORP.	3,585	446.7	48.8	10.9
	TOTAL	7,012	806.3	86.1	
\$250 TO \$1000	UNINCORP.	267	108.7	7.9	7.3
	INCORP.	1,781	863.8	56.4	6.5
	TOTAL	2,048	972.5	64.3	
\$1000 TO \$2000	UNINCORP.	12	13.3	1.1	8.3
	INCORP.	364	506.9	25.4	5.0
	TOTAL	376	520.2	26.5	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	208	628.2	37.4	6.0
	TOTAL	208	628.2	37.4	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	142	4,796.9	523.6	10.9
	TOTAL	142	4,796.9	523.6	
TOTAL CANADA	UNINCORP.	13,450	679.1	95.9	14.1
	INCORP.	8,976	7,298.8	700.1	9.6
	TOTAL	22,426	7,977.9	796.0	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.10: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR ALBERTA: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	22,035	418.0	128.4	30.7
	INCORP.	10,839	207.3	32.9	15.9
	TOTAL	32,874	625.3	161.3	
\$50 TO \$250	UNINCORP.	5,719	567.0	74.4	13.1
	INCORP.	10,700	1,317.8	104.3	7.9
	TOTAL	16,419	1,884.8	178.7	
\$250 TO \$1000	UNINCORP.	519	206.4	12.1	5.9
	INCORP.	5,473	2,634.5	229.8	8.7
	TOTAL	5,992	2,840.9	241.9	
\$1000 TO \$2000	UNINCORP.	20	24.4	2.7	11.1
	INCORP.	1,173	1,630.2	102.6	6.3
	TOTAL	1,193	1,654.6	105.3	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	725	2,240.5	167.9	7.5
	TOTAL	725	2,240.5	167.9	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	651	25,090.6	2,689.9	10.7
	TOTAL	651	25,090.6	2,689.9	
TOTAL CANADA	UNINCORP.	28,293	1,215.8	217.6	17.9
	INCORP.	29,561	33,120.9	3,327.4	10.0
	TOTAL	57,854	34,336.7	3,545.0	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.11: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR BRITISH COLUMBIA: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	29,755	559.6	171.2	30.6
	INCORP.	18,674	345.0	52.7	15.3
	TOTAL	48,429	904.6	223.9	
\$50 TO \$250	UNINCORP.	8,695	854.4	109.7	12.8
	INCORP.	17,477	2,142.6	177.2	8.3
	TOTAL	26,172	2,997.0	286.9	
\$250 TO \$1000	UNINCORP.	596	232.8	14.4	6.2
	INCORP.	8,091	3,824.5	256.5	6.7
	TOTAL	8,687	4,057.3	270.9	
\$1000 TO \$2000	UNINCORP.	68	117.9	0.9	0.8
	INCORP.	1,497	2,091.1	107.0	5.1
	TOTAL	1,565	2,209.0	107.9	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	979	3,059.9	187.0	6.1
	TOTAL	979	3,059.9	187.0	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	642	19,147.7	1,869.6	9.8
	TOTAL	642	19,147.7	1,869.6	9.8
TOTAL CANADA	UNINCORP.	39,114	1,764.7	296.2	16.8
	INCORP.	47,360	30,610.8	2,650.0	8.7
	TOTAL	86,474	32,375.5	2,946.2	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.12: PROFILE OF ALL BUSINESS FOR VARIOUS SALES CLASSES  
FOR YUKON AND NORTHWEST TERRITORIES: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	324	6.3	1.5	23.8
	INCORP.	57	1.3	0.3	23.1
	TOTAL	381	7.6	1.8	
\$50 TO \$250	UNINCORP.	147	14.1	1.2	8.5
	INCORP.	123	18.2	2.0	11.0
	TOTAL	270	32.3	3.2	
\$250 TO \$1000	UNINCORP.	-	-	-	-
	INCORP.	102	47.7	4.4	9.2
	TOTAL	102	47.7	4.4	
\$1000 TO \$2000	UNINCORP.	-	-	-	-
	INCORP.	16	20.8	1.3	6.3
	TOTAL	16	20.8	1.3	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	14	46.9	3.6	7.7
	TOTAL	14	46.9	3.6	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	11	648.6	120.0	18.5
	TOTAL	11	648.6	120.0	
TOTAL CANADA	UNINCORP.	471	20.4	2.7	13.0
	INCORP.	323	783.5	131.6	16.8
	TOTAL	794	803.9	134.3	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.13: PROFILE OF PRIMARY MANUFACTURING  
FOR VARIOUS SALES CLASSES: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	2,571	52.0	15.7	30.2
	INCORP.	1,650	34.8	-2.0	-
	TOTAL	4,221	86.8	13.7	
\$50 TO \$250	UNINCORP.	1,142	109.7	18.9	17.2
	INCORP.	3,454	465.5	15.9	3.4
	TOTAL	4,596	575.2	34.8	
\$250 TO \$1000	UNINCORP.	93	37.0	3.8	10.3
	INCORP.	3,400	1,786.5	109.8	6.1
	TOTAL	3,493	1,823.5	113.6	
\$1000 TO \$2000	UNINCORP.	2	2.7	0.2	7.4
	INCORP.	1,252	1,754.6	116.2	6.6
	TOTAL	1,254	1,757.3	116.4	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	1,075	3,379.2	259.6	7.7
	TOTAL	1,075	3,379.2	259.6	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	1,062	49,117.6	4,971.2	10.1
	TOTAL	1,062	49,117.6	4,971.2	
TOTAL CANADA	UNINCORP.	3,808	201.4	38.6	19.2
	INCORP.	11,893	56,538.2	5,470.7	9.7
	TOTAL	15,701	56,739.6	5,509.3	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.14: PROFILE OF SECONDARY MANUFACTURING  
FOR VARIOUS SALES CLASSES: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	6,037	135.1	31.8	23.5
	INCORP.	1,786	38.3	-2.1	-
	TOTAL	7,823	173.4	29.7	
\$50 TO \$250	UNINCORP.	2,841	297.6	36.9	12.4
	INCORP.	3,880	518.2	16.7	3.2
	TOTAL	6,721	815.8	53.6	
\$250 TO \$1000	UNINCORP.	327	125.4	7.4	5.9
	INCORP.	3,852	2,050.4	85.3	4.2
	TOTAL	4,179	2,175.8	92.7	
\$1000 TO \$2000	UNINCORP.	27	34.9	1.4	4.0
	INCORP.	1,552	2,192.1	90.7	4.1
	TOTAL	1,579	2,227.0	92.1	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	1,269	3,976.4	198.9	5.0
	TOTAL	1,269	3,976.4	198.9	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	1,122	31,582.0	2,798.2	8.9
	TOTAL	1,122	31,582.0	2,798.2	
TOTAL CANADA	UNINCORP.	9,232	593.0	77.4	13.1
	INCORP.	13,461	40,357.4	3,187.7	7.9
	TOTAL	22,693	40,950.4	3,265.1	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.15: PROFILE OF TRANSPORTATION  
FOR VARIOUS SALES CLASSES: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	36,766	665.2	176.6	26.6
	INCORP.	2,597	59.6	1.5	2.5
	TOTAL	39,363	724.8	178.1	
\$50 TO \$250	UNINCORP.	4,364	379.1	49.3	13.0
	INCORP.	3,677	451.6	23.0	5.1
	TOTAL	8,041	830.7	72.3	
\$250 TO \$1000	UNINCORP.	278	113.0	5.8	5.1
	INCORP.	2,048	1,000.8	50.4	5.0
	TOTAL	2,326	1,113.8	56.2	
\$1000 TO \$2000	UNINCORP.	11	14.5	-1.7	-
	INCORP.	447	617.5	20.4	3.3
	TOTAL	458	632.0	18.7	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	269	827.0	47.4	5.7
	TOTAL	269	827.0	47.4	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	202	8,027.0	457.4	5.7
	TOTAL	202	8,027.0	457.4	
TOTAL CANADA	UNINCORP.	41,419	1,171.8	230.0	19.6
	INCORP.	9,240	10,983.6	600.0	5.5
	TOTAL	50,659	12,155.4	830.0	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.16: PROFILE OF CONSTRUCTION  
FOR VARIOUS SALES CLASSES: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	46,748	939.1	327.4	34.9
	INCORP.	5,489	124.1	-0.2	-
	TOTAL	52,237	1,063.2	327.2	
\$50 TO \$250	UNINCORP.	14,157	1,346.2	215.6	16.0
	INCORP.	11,553	1,509.8	74.9	5.0
	TOTAL	25,710	2,856.0	290.5	
\$250 TO \$1000	UNINCORP.	903	362.2	25.3	7.0
	INCORP.	8,022	3,960.3	216.5	5.5
	TOTAL	8,925	4,322.5	241.8	
\$1000 TO \$2000	UNINCORP.	17	20.5	0.7	3.4
	INCORP.	1,747	2,450.8	107.9	4.4
	TOTAL	1,764	2,471.3	108.6	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	1,068	3,254.0	125.4	3.9
	TOTAL	1,068	3,254.0	125.4	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	416	5,498.9	264.7	4.8
	TOTAL	416	5,498.9	264.7	
TOTAL CANADA	UNINCORP.	61,825	2,668.0	568.9	21.3
	INCORP.	28,295	16,798.0	789.3	4.7
	TOTAL	90,120	19,466.0	1,358.2	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.17: PROFILE OF WHOLESALE TRADE  
FOR VARIOUS SALES CLASSES: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	17,432	329.9	56.7	17.2
	INCORP.	5,397	109.3	7.6	7.0
	TOTAL	22,829	439.2	64.3	
\$50 TO \$250	UNINCORP.	6,399	701.5	73.5	10.5
	INCORP.	8,049	1,060.2	65.0	6.1
	TOTAL	14,448	1,761.7	138.5	
\$250 TO \$1000	UNINCORP.	1,384	610.5	32.8	5.4
	INCORP.	8,282	4,443.3	226.2	5.1
	TOTAL	9,666	5,053.8	259.0	
\$1000 TO \$2000	UNINCORP.	87	116.0	4.4	3.4
	INCORP.	3,114	4,375.6	203.0	4.6
	TOTAL	3,201	4,491.6	207.4	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	2,299	7,083.3	330.4	4.7
	TOTAL	2,299	7,083.3	330.4	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	1,537	33,288.2	1,323.0	4.0
	TOTAL	1,537	33,288.2	1,323.0	
TOTAL CANADA	UNINCORP.	25,302	1,757.9	167.5	9.5
	INCORP.	28,678	50,359.9	2,155.3	4.3
	TOTAL	53,980	52,117.8	2,322.8	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA.  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.18: PROFILE OF RETAIL TRADE  
FOR VARIOUS SALES CLASSES: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	44,135	991.6	170.8	17.2
	INCORP.	6,245	130.5	3.0	2.3
	TOTAL	50,380	1,122.1	173.8	
\$50 TO \$250	UNINCORP.	44,043	4,984.1	437.2	8.8
	INCORP.	17,609	2,446.7	89.2	3.7
	TOTAL	61,652	7,430.8	526.4	
\$250 TO \$1000	UNINCORP.	6,053	2,293.7	113.4	4.9
	INCORP.	13,532	6,470.0	251.4	3.9
	TOTAL	19,585	8,763.7	364.8	
\$1000 TO \$2000	UNINCORP.	164	215.2	6.4	3.0
	INCORP.	2,498	3,474.9	93.0	2.7
	TOTAL	2,662	3,690.1	99.4	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	1,621	4,939.2	116.7	2.4
	TOTAL	1,621	4,939.2	116.7	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	838	21,836.5	1,348.4	6.2
	TOTAL	838	21,836.5	1,348.4	
TOTAL CANADA	UNINCORP.	94,395	8,484.5	727.9	8.6
	INCORP.	42,343	39,297.7	1,901.6	4.8
	TOTAL	136,738	47,782.2	2,629.5	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.19: PROFILE OF THE SERVICE INDUSTRY  
FOR VARIOUS SALES CLASSES: 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	59,559	1,089.3	297.6	27.3
	INCORP.	15,629	324.1	30.4	9.4
	TOTAL	75,188	1,413.4	328.0	
\$50 TO \$250	UNINCORP.	15,102	1,414.6	194.7	13.8
	INCORP.	16,939	2,047.5	246.2	12.0
	TOTAL	32,041	3,462.1	440.9	
\$250 TO \$1000	UNINCORP.	810	314.4	27.8	8.8
	INCORP.	6,992	3,232.4	186.2	5.8
	TOTAL	7,802	3,546.8	214.0	
\$1000 TO \$2000	UNINCORP.	20	26.4	3.0	11.4
	INCORP.	1,004	1,380.3	79.7	5.8
	TOTAL	1,024	1,406.7	82.7	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	486	1,484.5	88.3	6.0
	TOTAL	486	1,484.5	88.3	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	215	3,946.1	441.3	11.2
	TOTAL	215	3,946.1	441.3	
TOTAL CANADA	UNINCORP.	75,491	2,844.7	523.1	18.4
	INCORP.	41,265	12,414.9	1,072.1	8.6
	TOTAL	116,756	15,259.6	1,595.2	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.20: PROFILE OF THE FINANCE SECTOR  
FOR VARIOUS SALES CLASSES:1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	UNINCORP.	8,094	155.2	46.4	29.9
	INCORP.	38,843	617.8	215.1	34.8
	TOTAL	46,937	773.0	261.5	
\$50 TO \$250	UNINCORP.	1,920	180.2	31.8	17.7
	INCORP.	17,858	1,991.1	446.2	22.4
	TOTAL	19,778	2,171.3	478.0	
\$250 TO \$1000	UNINCORP.	287	138.3	22.2	16.1
	INCORP.	5,578	2,561.4	489.5	19.1
	TOTAL	5,865	2,699.7	511.7	
\$1000 TO \$2000	UNINCORP.	84	101.5	3.4	3.3
	INCORP.	941	1,284.6	247.9	19.3
	TOTAL	1,025	1,386.1	251.3	
\$2000 TO \$5000	UNINCORP.	-	-	-	-
	INCORP.	526	1,625.0	459.1	28.3
	TOTAL	526	1,625.0	459.1	
OVER \$5000	UNINCORP.	-	-	-	-
	INCORP.	372	16,195.1	2,345.9	14.5
	TOTAL	372	16,195.1	2,345.9	
TOTAL CANADA	UNINCORP.	10,385	575.3	103.8	18.0
	INCORP.	64,118	24,274.9	4,203.7	17.3
	TOTAL	74,503	24,850.2	4,307.5	

SOURCES: BUSINESS FINANCE DIVISION, STATISTICS CANADA,  
TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

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TABLE 2.21: PROFILE OF UNINCORPORATED BUSINESS FOR VARIOUS SALES CLASSES  
AND TYPES OF OWNERSHIP: 1974  
(IN MILLIONS OF DOLLARS)

SOLE PROPRIETORSHIP

SALES CLASS (\$000)	NUMBER	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	231,947	4,423.6	1,149.8	26.0
\$50 TO \$250	80,189	8,278.2	852.9	10.3
\$250 TO \$1000	8,453	3,340.3	173.9	5.2
\$1000 TO \$2000	333	464.7	9.2	2.0
\$2000 TO \$5000	-	-	-	-
OVER \$5000	-	-	-	-
TOTAL CANADA	320,923	16,506.8	2,185.9	13.2

PARTNERSHIP

SALES CLASS (\$000)	NUMBER	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	18,739	435.0	117.2	26.9
\$50 TO \$250	18,681	1,959.5	284.0	14.5
\$250 TO \$1000	2,413	960.8	79.3	8.3
\$1000 TO \$2000	166	206.8	9.5	4.6
\$2000 TO \$5000	-	-	-	-
OVER \$5000	-	-	-	-
TOTAL CANADA	39,999	3,562.1	490.0	13.8

SOURCE: TAX RECORD ACCESS SUB-DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 2.22: PROFILE OF INCORPORATED BUSINESS FOR VARIOUS SALES CLASSES  
AND TYPES OF OWNERSHIP: 1974  
(IN MILLIONS OF DOLLARS)

CANADIAN CONTROLLED PRIVATE

SALES CLASS (\$000)	NUMBER	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	76,993	1,444.9	240.1	16.6
\$50 TO \$250	85,280	10,749.9	928.0	8.6
\$250 TO \$1000	50,713	24,791.4	1,549.4	6.2
\$1000 TO \$2000	11,384	15,825.7	759.0	4.8
\$2000 TO \$5000	6,923	21,070.8	992.7	4.7
OVER \$5000	2,914	35,030.0	1,725.8	4.9
TOTAL CANADA	234,207	108,912.7	6,195.1	5.7

PRIVATE

SALES CLASS (\$000)	NUMBER	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	2,105	34.1	-0.4	-
\$50 TO \$250	1,732	221.8	1.3	0.6
\$250 TO \$1000	1,658	900.9	73.0	8.1
\$1000 TO \$2000	881	1,274.8	128.0	10.0
\$2000 TO \$5000	995	3,210.0	273.9	8.5
OVER \$5000	1,339	41,290.6	3,405.4	8.2
TOTAL CANADA	8,710	46,932.2	3,881.1	8.3

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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Department of Industry,  
Trade and Commerce.*

TABLE 2.23: PROFILE OF INCORPORATED BUSINESS FOR VARIOUS SALES CLASSES  
AND TYPES OF OWNERSHIP: 1974 (CONTINUED)  
(IN MILLIONS OF DOLLARS)

PUBLIC

SALES CLASS (\$000)	NUMBER	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	757	10.4	-4.5	-
\$50 TO \$250	426	52.8	6.9*	13.1*
\$250 TO \$1000	490	265.9	40.3	15.2
\$1000 TO \$2000	251	357.2	65.5	18.3
\$2000 TO \$5000	333	1,074.4	245.7	22.9
OVER \$5000	822	57,444.5	6,870.5	12.0
TOTAL CANADA	3,079	59,205.2	7,224.4	12.2

\*ESTIMATED

OTHER

SALES CLASS (\$000)	NUMBER	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	1,691	28.0	11.4	40.7
\$50 TO \$250	1,255	159.0	10.0	6.3
\$250 TO \$1000	1,173	622.8	45.7	7.3
\$1000 TO \$2000	466	669.4	65.3	9.8
\$2000 TO \$5000	520	1,687.0	155.6	9.2
OVER \$5000	623	20,630.2	1,544.7	7.5
TOTAL CANADA	5,728	23,796.3	1,832.8	7.7

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.1: PROFILE OF INCORPORATED BUSINESS FOR VARIOUS SALES CLASSES: 1972 VS, 1974  
(IN MILLIONS OF DOLLARS)

SALES CLASS (\$000)		NUMBER OF BUSINESSES	TOTAL SALES	PROFIT (PRE-TAX)	RETURN ON SALES (PERCENT)
LESS THAN \$50	1972	75,855	1,427.5	175.8	12.3
	1974	81,695	1,520.9	245.5	16.1
\$50 TO \$250	1972	76,253	9,448.4	621.7	6.6
	1974	88,961	11,217.9	1,029.4	9.2
\$250 TO \$1000	1972	41,671	20,340.4	956.7	4.7
	1974	54,297	26,722.4	1,714.9	6.4
\$1000 TO \$2000	1972	9,361	13,089.5	601.5	4.6
	1974	13,102	18,299.3	1,035.2	5.7
\$2000 TO \$5000	1972	6,341	19,426.3	1,049.3	5.4
	1974	8,943	27,614.1	1,733.1	6.3
OVER \$5000	1972	4,257	116,396.3	9,444.1	8.1
	1974	6,127	188,730.4	18,049.3	9.6
TOTAL CANADA	1972	213,738	180,128.4	12,849.2	7.1
	1974	253,125	274,105.0	23,807.4	8.7

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.2: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: ALL CANADA

RATIO	SALES CLASS (\$000)	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
		\$50	\$250	\$1000	\$2000	\$5000		
PROFITS AFTER TAX 1972		2.5	4.3	3.5	3.7	4.6	5.0	4.8
ON CAPITAL 1974		2.5	5.3	4.2	5.2	7.1	6.8	6.5
EMPLOYED (PERCENT)								
PROFITS AFTER TAX 1972		2.7	5.2	4.6	5.1	6.1	8.7	7.8
ON EQUITY 1974		2.8	6.4	5.7	7.7	10.6	12.0	11.1
(PERCENT)								
PROFITS AFTER TAX 1972		2.2	3.7	2.9	2.8	3.2	2.9	2.9
ON TOTAL ASSETS 1974		2.1	4.6	3.4	3.9	4.9	4.0	4.0
(PERCENT)								
PROFITS AFTER TAX 1972		31.2	22.9	9.2	5.1	4.7	5.3	5.5
ON TOTAL REVENUE 1974		28.1	25.1	11.9	7.4	6.2	6.0	6.2
(PERCENT)								
CASH EARNINGS TO 1972		36.4	27.8	13.9	8.7	8.0	8.7	8.9
TOTAL REVENUE 1974		32.3	30.9	16.4	11.1	9.2	8.9	9.2
(PERCENT)								

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.3: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: PRIMARY MANUFACTURING

SALES CLASS (\$000)		RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
			\$50	\$250	\$1000	\$2000	\$5000		
PROFITS AFTER TAX ON CAPITAL EMPLOYED (PERCENT)	1972	*		9.0	1.0	4.3	5.4	8.0	7.8
	1974	10.7	-3.7	8.5	11.6	12.7	11.4	11.4	
PROFITS AFTER TAX ON EQUITY (PERCENT)	1972	*		10.8	1.3	5.1	6.4	10.4	10.0
	1974	13.5	-5.8	10.9	14.0	15.3	15.0	15.0	
PROFITS AFTER TAX ON TOTAL ASSETS (PERCENT)	1972	-10.8	6.7	0.7	2.6	3.4	6.1	5.8	
	1974	8.1	-2.5	4.9	7.0	7.3	7.8	7.7	
PROFITS AFTER TAX ON TOTAL REVENUE (PERCENT)	1972	*		9.2	0.6	2.1	2.6	4.9	4.7
	1974	19.5	-3.3	4.1	5.1	5.2	5.9	5.9	
CASH EARNINGS TO TOTAL REVENUE (PERCENT)	1972	*		13.3	4.2	4.7	5.0	8.1	7.9
	1974	23.8	1.6	7.4	7.8	7.4	8.3	8.3	

\*LARGE NEGATIVE PERCENT DEEMED STATISTICALLY UNRELIABLE

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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Department of Industry,  
Trade and Commerce.*



TABLE 3.4: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: SECONDARY MANUFACTURING

SALES CLASS (\$000)		LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
PROFITS AFTER TAX ON CAPITAL EMPLOYED (PERCENT)	1972	-20.2	-5.1	0.1	4.9	7.9	5.0	5.1
	1974	-1.7	-0.4	3.3	9.4	8.9	10.5	10.3
PROFITS AFTER TAX ON EQUITY (PERCENT)	1972	-23.9	-6.8	0.1	6.2	9.6	6.8	6.8
	1974	-1.7	-0.5	4.2	11.9	10.8	14.1	13.7
PROFITS AFTER TAX ON TOTAL ASSETS (PERCENT)	1972	-15.9	-3.7	0.1	2.9	5.0	3.8	3.8
	1974	-1.6	-0.3	2.0	5.6	5.3	7.3	7.1
PROFITS AFTER TAX ON TOTAL REVENUE (PERCENT)	1972	*	-6.6	0.1	1.8	3.1	3.3	3.1
	1974	*	-0.6	1.6	3.3	3.3	5.4	5.2
CASH EARNINGS TO TOTAL REVENUE (PERCENT)	1972	*	-2.5	2.8	4.3	5.3	6.3	6.0
	1974	*	4.2	4.6	5.6	5.6	7.9	7.6

\*LARGE NEGATIVE PERCENT DEEMED STATISTICALLY UNRELIABLE

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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Department of Industry,  
Trade and Commerce.*

TABLE 3.5: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: TRANSPORTATION

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	PROFITS AFTER TAX ON CAPITAL EMPLOYED (PERCENT)	1972 1974	-0.3 2.3	8.1 5.3	1.2 9.9	1.5 2.4	4.2 3.4	1.7 1.9
PROFITS AFTER TAX ON EQUITY (PERCENT)	1972 1974	-0.4 2.4	13.9 7.7	1.7 13.1	2.2 3.5	6.8 5.5	3.8 3.9	3.9 4.1
PROFITS AFTER TAX ON TOTAL ASSETS (PERCENT)	1972 1974	-0.2 1.9	6.3 3.9	0.8 5.5	1.2 1.7	3.4 2.7	1.5 1.6	1.6 1.8
PROFITS AFTER TAX ON TOTAL REVENUE (PERCENT)	1972 1974	-1.8 14.9	16.0 6.1	1.1 7.4	1.8 2.0	4.2 3.3	3.8 3.3	3.7 3.4
CASH EARNINGS TO TOTAL REVENUE (PERCENT)	1972 1974	13.3 20.5	24.2 16.4	10.0 15.2	8.4 9.1	10.7 9.7	11.8 10.2	11.7 10.3

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.6: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: CONSTRUCTION

SALES CLASS (\$000)		RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
			\$50	\$250	\$1000	\$2000	\$5000		
PROFITS AFTER TAX ON CAPITAL EMPLOYED (PERCENT)	1972	-2.1	2.1	1.7	3.1	4.5	8.4	6.6	
	1974	-1.8	1.6	5.2	8.1	8.9	6.1	6.4	
PROFITS AFTER TAX ON EQUITY (PERCENT)	1972	-2.2	3.8	3.3	5.1	7.3	14.4	11.1	
	1974	-2.1	2.7	10.9	13.3	17.5	12.0	12.2	
PROFITS AFTER TAX ON TOTAL ASSETS (PERCENT)	1972	-1.5	1.5	0.9	1.3	2.3	3.8	3.1	
	1974	-0.8	1.1	3.0	3.4	3.8	2.7	2.9	
PROFITS AFTER TAX ON TOTAL REVENUE (PERCENT)	1972	-13.6	4.1	1.1	1.3	2.1	3.5	3.0	
	1974	-5.4	2.0	5.1	3.8	3.4	2.5	2.8	
CASH EARNINGS TO TOTAL REVENUE (PERCENT)	1972	-8.9	7.6	3.9	4.1	4.8	5.5	5.2	
	1974	1.2	5.5	8.2	6.9	6.2	4.6	5.1	

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

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Department of Industry,  
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TABLE 3.7: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: WHOLESALE TRADE

SALES CLASS (\$000)		RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
			\$50	\$250	\$1000	\$2000	\$5000		
PROFITS AFTER TAX ON CAPITAL EMPLOYED (PERCENT)	1972	-2.2	3.7	7.0	7.1	10.9	8.9	8.9	
	1974	6.3	11.2	5.3	12.3	13.7	13.2	13.0	
PROFITS AFTER TAX ON EQUITY (PERCENT)	1972	-2.4	4.0	8.2	8.5	12.9	10.7	10.6	
	1974	6.7	12.3	8.7	13.3	15.5	15.8	15.5	
PROFITS AFTER TAX ON TOTAL ASSETS (PERCENT)	1972	-1.5	2.4	4.2	4.0	5.1	4.8	4.7	
	1974	4.2	7.4	3.1	6.5	6.9	5.9	6.0	
PROFITS AFTER TAX ON TOTAL REVENUE (PERCENT)	1972	-11.7	5.6	4.1	2.8	3.2	2.2	2.3	
	1974	25.5	12.6	4.0	4.5	3.9	2.4	2.6	
CASH EARNINGS TO TOTAL REVENUE (PERCENT)	1972	-6.3	8.0	5.3	3.7	4.0	2.9	3.1	
	1974	29.5	17.0	5.2	5.5	4.7	3.1	3.3	

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.8: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: RETAIL TRADE

SALES CLASS (\$000)		LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
		\$50	\$250	\$1000	\$2000	\$5000		
RATIO								
PROFITS AFTER TAX ON CAPITAL EMPLOYED (PERCENT)	1972	0.6	7.1	6.9	7.4	6.5	26.7	23.9
	1974	2.3	5.4	11.9	7.9	9.4	26.0	24.3
PROFITS AFTER TAX ON EQUITY (PERCENT)	1972	0.3	8.5	8.0	9.3	7.4	32.7	29.1
	1974	2.4	6.2	13.7	9.4	12.2	32.9	30.6
PROFITS AFTER TAX ON TOTAL ASSETS (PERCENT)	1972	0.2	5.1	4.3	4.0	4.0	17.4	15.5
	1974	2.1	3.8	7.9	3.9	4.8	14.8	13.8
PROFITS AFTER TAX ON TOTAL REVENUE (PERCENT)	1972	0.6	3.8	2.2	1.6	1.9	5.9	5.5
	1974	20.0	3.5	4.1	1.6	2.0	5.0	4.8
CASH EARNINGS TO TOTAL REVENUE (PERCENT)	1972	3.3	5.6	3.1	2.4	2.9	6.8	6.4
	1974	23.8	5.0	5.4	2.4	2.9	5.9	5.7

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.9: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: THE SERVICE INDUSTRY

RATIO	SALES CLASS (\$000)		LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	PROFITS AFTER TAX ON CAPITAL EMPLOYED (PERCENT)	1972	1974	-4.6	0.9	3.9	2.6	2.3	7.9
PROFITS AFTER TAX ON EQUITY (PERCENT)	1972	1974	-5.8	1.2	5.3	3.7	4.5	13.3	7.7
PROFITS AFTER TAX ON TOTAL ASSETS (PERCENT)	1972	1974	3.8	0.8	3.0	2.0	1.6	5.6	3.6
PROFITS AFTER TAX ON TOTAL REVENUE (PERCENT)	1972	1974	*	3.0	5.8	3.6	2.1	6.2	4.9
CASH EARNINGS TO TOTAL REVENUE (PERCENT)	1972	1974	41.3	55.0	6.9	7.0	4.3	6.0	7.7
	1972	1974	*	10.7	12.6	9.7	12.7	14.1	13.1
			44.3	57.6	12.3	13.6	12.8	13.6	15.1

\*LARGE NEGATIVE PERCENT DEEMED STATISTICALLY UNRELIABLE

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.10: PROFITABILITY RATIOS FOR INCORPORATED BUSINESS: THE FINANCE SECTOR

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	PROFITS AFTER TAX ON CAPITAL EMPLOYED (PERCENT)	1972	3.7	4.8	3.7	3.2	3.9	3.1
	1974	2.3	3.6	3.8	3.7	5.8	3.2	3.5
PROFITS AFTER TAX ON EQUITY (PERCENT)	1972	4.0	5.6	5.0	4.7	5.3	6.4	5.7
	1974	2.5	4.4	5.2	5.8	9.8	7.7	6.9
PROFITS AFTER TAX ON TOTAL ASSETS (PERCENT)	1972	3.4	4.3	3.3	2.7	2.9	1.0	1.4
	1974	2.0	3.2	3.2	3.1	4.6	1.3	1.7
PROFITS AFTER TAX ON TOTAL REVENUE (PERCENT)	1972	53.0	45.3	29.7	23.0	24.6	10.9	15.4
	1974	38.0	32.8	26.0	19.6	23.7	9.9	12.7
CASH EARNINGS TO TOTAL REVENUE (PERCENT)	1972	56.3	48.8	35.2	28.1	28.7	12.5	17.7
	1974	40.7	37.3	30.9	24.6	27.0	11.6	14.9

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.11: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: ALL CANADA

RATIO		SALES CLASS (\$000)						
		LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
INTEREST TO TOTAL COST (PERCENT)	1972	13.6	9.1	6.8	4.2	3.4	5.7	5.5
	1974	14.9	11.2	10.2	6.2	4.2	7.3	7.1
SALES TO INVENTORY (RATIO)	1972	0.4	2.5	4.0	5.0	5.2	6.1	5.9
	1974	0.4	1.8	3.3	4.1	4.4	5.5	5.3
COLLECTION PERIOD (DAYS)	1972	331.6	131.0	102.6	81.9	90.4	62.1	66.0
	1974	431.5	103.9	96.3	83.1	81.2	60.1	62.5

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*



TABLE 3.12: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: PRIMARY MANUFACTURING

RATIO		SALES CLASS (\$000)		LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
		1972	1974							
INTEREST TO TOTAL COST (PERCENT)	1972			23.5	1.9	2.0	1.3	1.2	1.1	1.1
	1974			4.1	4.1	2.1	1.4	1.4	1.2	1.2
SALES TO INVENTORY (RATIO)	1972			0.6	5.7	5.1	5.1	4.8	5.8	5.7
	1974			1.4	4.8	5.2	4.7	4.4	5.1	5.1
COLLECTION PERIOD (DAYS)	1972			202.9	69.1	71.1	66.3	61.9	45.0	46.6
	1974			108.5	61.0	70.3	60.0	61.4	47.3	48.1

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.13: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: SECONDARY MANUFACTURING

SALES CLASS (\$000)		LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
		\$50	\$250	\$1000	\$2000	\$5000		
RATIO								
INTEREST TO TOTAL COST (PERCENT)	1972	2.6	3.2	1.5	1.2	1.1	1.5	1.4
	1974	37.9	6.0	1.6	1.7	1.5	1.6	1.6
SALES TO INVENTORY (RATIO)	1972	3.2	5.2	6.3	6.3	6.7	5.9	6.0
	1974	0.4	1.8	5.6	6.1	5.5	5.6	5.6
COLLECTION PERIOD (DAYS)	1972	59.2	56.1	56.2	51.7	49.1	36.5	38.8
	1974	224.9	58.3	51.3	48.0	48.7	34.3	35.9

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.14: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: TRANSPORTATION

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	INTEREST TO TOTAL COST (PERCENT)	1972 1974	7.9 5.2	4.4 4.1	2.5 2.5	2.8 3.6	3.6 4.1	6.2 6.5
SALES TO INVEN- TORY (RATIO)	1972 1974	0.3 1.3	4.4 3.6	3.8 7.1	6.0 4.2	7.8 3.0	27.3 19.0	20.6 14.5
COLLECTION PERIOD (DAYS)	1972 1974	203.4 223.8	176.9 65.4	66.5 58.6	60.9 58.1	40.5 74.5	46.2 49.2	47.1 51.4

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.15: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: CONSTRUCTION

SALES CLASS (\$000)		LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
		\$50	\$250	\$1000	\$2000	\$5000		
RATIO								
INTEREST TO TOTAL COST (PERCENT)	1972	8.7	4.8	3.2	1.7	1.6	1.2	1.5
	1974	15.9	4.1	4.2	2.5	1.6	1.7	1.8
SALES TO INVENTORY (RATIO)	1972	0.2	2.6	2.9	3.7	4.4	3.1	3.3
	1974	0.5	1.8	2.2	2.6	4.3	2.8	2.9
COLLECTION PERIOD (DAYS)	1972	162.8	99.3	94.3	109.9	100.5	82.0	87.7
	1974	512.1	94.8	101.8	96.9	101.3	88.4	91.6

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.16: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: WHOLESALE TRADE

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	INTEREST TO TOTAL COST (PERCENT)	1972	4.8	1.4	1.2	1.1	0.9	0.8
	1974	8.5	2.7	2.6	1.2	1.1	1.0	1.0
SALES TO INVENTORY (RATIO)	1972	1.5	3.4	3.3	5.1	5.0	7.9	7.2
	1974	1.5	3.0	4.5	4.9	4.9	7.5	7.1
COLLECTION PERIOD (DAYS)	1972	302.6	202.6	96.1	72.3	75.9	45.3	50.5
	1974	383.5	88.4	103.9	65.0	59.1	42.2	44.5

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.17: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: RETAIL TRADE

SALES CLASS (\$000)		RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
			\$50	\$250	\$1000	\$2000	\$5000		
INTEREST TO TOTAL COST (PERCENT)	1972		2.8	1.2	0.8	0.8	0.7	0.6	0.6
	1974		5.1	1.6	1.1	1.0	1.1	0.8	0.8
SALES TO INVENTORY (RATIO)	1972		2.5	4.9	5.3	5.9	6.3	8.2	7.9
	1974		1.1	4.1	5.5	5.5	5.6	7.3	7.2
COLLECTION PERIOD (DAYS)	1972		48.5	26.9	26.2	21.8	23.0	13.4	14.5
	1974		72.1	26.5	28.3	20.9	23.6	12.4	13.3

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.18: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: THE SERVICE INDUSTRY

RATIO	SALES CLASS (\$000)		LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	INTEREST TO TOTAL COST (PERCENT)	1972	1974	4.1	4.8	5.0	2.6	3.8	3.0
			9.8	11.2	5.9	4.6	4.8	2.9	3.6
SALES TO INVENTORY (RATIO)	1972	1974	N/A *	N/A	N/A	N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A	N/A	N/A	N/A
COLLECTION PERIOD (DAYS)	1972	1974	368.4	53.1	80.3	82.9	108.6	77.3	84.6
			436.1	56.7	66.3	124.5	112.2	62.6	75.1

\* NOT APPLICABLE

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.19: EFFICIENCY RATIOS FOR INCORPORATED BUSINESS: THE FINANCE SECTOR

SALES CLASS (\$000)		RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
			\$50	\$250	\$1000	\$2000	\$5000		
INTEREST TO TOTAL COST (PERCENT)	1972		21.0	22.4	28.9	29.1	29.8	54.0	48.9
	1974		21.5	22.7	30.7	28.9	28.8	61.9	56.8
SALES TO INVENTORY (RATIO)	1972		N/A *	N/A	N/A	N/A	N/A	N/A	N/A
	1974		N/A	N/A	N/A	N/A	N/A	N/A	N/A
COLLECTION PERIOD (DAYS)	1972		N/A	N/A	N/A	N/A	N/A	N/A	N/A
	1974		N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* NOT APPLICABLE

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*



TABLE 3.20: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: ALL CANADA

RATIO	SALES CLASS (\$000)							TOTAL
	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000		
CURRENT ASSETS TO CURRENT LIABILITIES (RATIO) 1972	1.4	1.5	1.2	1.2	1.2	1.1	1.1	
1974	1.0	1.4	1.1	1.2	1.3	1.1	1.1	
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIABILITIES (RATIO) 1972	1.3	1.3	1.0	0.9	0.9	0.9	0.9	
1974	0.9	1.2	0.9	0.8	0.9	0.9	0.9	

TABLE 3.21: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: ALL CANADA

RATIO	SALES CLASS (\$000)							TOTAL
	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000		
LONG TERM DEBT TO EQUITY (PERCENT) 1972	9.4	18.3	29.8	35.1	28.3	65.9	55.8	
1974	10.0	19.4	35.1	43.9	42.6	67.2	60.4	
TOTAL DEBT TO EQUITY (PERCENT) 1972	13.7	25.8	42.2	44.5	53.8	162.0	131.6	
1974	14.9	27.3	49.8	65.2	68.5	153.0	132.0	

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.22: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: PRIMARY MANUFACTURING

SALES CLASS (\$000)  RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
	\$50	\$250	\$1000	\$2000	\$5000		
CURRENT ASSETS TO CURRENT LIABILITIES (RATIO)							
1972	0.3	1.2	1.5	1.5	1.6	1.9	1.8
1974	1.3	1.0	1.3	1.6	1.5	1.6	1.6
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIABILITIES (RATIO)							
1972	0.2	0.8	1.0	0.9	0.9	1.0	1.0
1974	1.2	0.7	0.8	0.9	0.8	0.8	0.8

TABLE 3.23: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: PRIMARY MANUFACTURING

SALES CLASS (\$000)  RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
	\$50	\$250	\$1000	\$2000	\$5000		
LONG TERM DEBT TO EQUITY (PERCENT)							
1972	181.2	17.9	24.2	15.1	14.7	20.2	20.0
1974	26.6	49.1	21.9	12.7	16.0	18.7	18.5
TOTAL DEBT TO EQUITY (PERCENT)							
1972	319.6	34.7	51.8	39.4	35.5	28.0	28.8
1974	40.5	99.4	58.6	38.5	43.4	31.1	31.8

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.24: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: SECONDARY MANUFACTURING

SALES CLASS (\$000)		LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
		\$50	\$250	\$1000	\$2000	\$5000		
RATIO								
CURRENT ASSETS TO CURRENT LIABILITIES (RATIO)	1972	0.9	1.2	1.4	1.4	1.5	1.7	1.6
	1974	2.3	1.1	1.5	1.5	1.5	1.6	1.5
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIAB- ILITIES (RATIO)	1972	0.7	0.9	0.9	0.8	0.9	0.9	0.9
	1974	1.8	0.6	0.9	0.8	0.8	0.8	0.8

TABLE 3.25: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: SECONDARY MANUFACTURING

SALES CLASS (\$000)		LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
		\$50	\$250	\$1000	\$2000	\$5000		
RATIO								
LONG TERM DEBT TO EQUITY (PERCENT)	1972	18.1	32.2	22.5	24.2	17.4	26.3	25.5
	1974	2.4	14.0	25.6	23.5	16.0	23.8	23.1
TOTAL DEBT TO EQUITY (PERCENT)	1972	30.1	55.8	55.7	57.9	46.0	41.4	42.3
	1974	3.8	25.7	55.6	56.9	47.6	44.1	44.4

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.26: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: TRANSPORTATION

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	CURRENT ASSETS TO CURRENT LIABILITIES (RATIO)	1972	1.2	0.9	0.8	1.0	0.9	1.0
	1974	3.5	1.2	0.5	0.9	1.1	0.9	0.9
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIABILITIES (RATIO)	1972	1.1	0.9	0.8	1.0	0.9	1.0	1.0
	1974	3.4	1.1	0.5	0.8	1.0	0.9	0.9

TABLE 3.27: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: TRANSPORTATION

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	LONG TERM DEBT TO EQUITY (PERCENT)	1972	36.0	66.5	37.6	49.3	47.1	105.2
	1974	3.6	45.2	27.3	40.2	45.0	94.1	89.3
TOTAL DEBT TO EQUITY (PERCENT)	1972	50.9	92.6	57.9	62.6	62.0	110.0	105.2
	1974	7.9	63.1	45.9	62.6	58.2	103.4	99.2

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.28: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: CONSTRUCTION

SALES CLASS (\$000)  RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
	\$50	\$250	\$1000	\$2000	\$5000		
CURRENT ASSETS TO CURRENT LIABILITIES (RATIO) 1972 1974	1.1	1.3	1.1	1.2	1.3	1.2	1.2
	0.6	1.4	1.2	1.2	1.2	1.3	1.2
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIABILITIES (RATIO) 1972 1974	0.4	1.0	0.6	0.7	0.8	0.6	0.7
	0.4	0.8	0.6	0.6	0.8	0.6	0.6

TABLE 3.29: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: CONSTRUCTION

SALES CLASS (\$000)  RATIO	LESS THAN	\$50 TO	\$250 TO	\$1000 TO	\$2000 TO	OVER \$5000	TOTAL
	\$50	\$250	\$1000	\$2000	\$5000		
LONG TERM DEBT TO EQUITY (PERCENT) 1972 1974	4.2	79.8	82.7	54.2	51.6	55.9	56.1
	10.1	61.1	102.4	47.1	75.0	75.0	73.2
TOTAL DEBT TO EQUITY (PERCENT) 1972 1974	9.6	99.0	151.5	106.2	84.1	88.8	90.7
	69.8	98.0	144.4	105.7	132.3	119.6	120.4

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.30: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: WHOLESALE TRADE

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	CURRENT ASSETS TO CURRENT LIABILITIES (RATIO)	1972	0.8	1.4	1.6	1.5	1.4	1.4
	1974	1.3	1.5	1.4	1.5	1.5	1.3	1.3
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIABILITIES (RATIO)	1972	0.6	1.1	1.0	0.9	0.9	0.8	0.8
	1974	1.3	1.1	1.0	0.9	0.8	0.7	0.7

TABLE 3.31: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: WHOLESALE TRADE

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	LONG TERM DEBT TO EQUITY (PERCENT)	1972	8.6	5.4	15.4	17.0	16.4	17.5
	1974	6.6	7.7	63.1	5.6	12.2	16.3	16.3
TOTAL DEBT TO EQUITY (PERCENT)	1972	16.7	16.3	47.8	53.6	56.6	52.9	52.5
	1974	17.5	25.0	109.3	34.7	45.8	66.5	63.3

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.32: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: RETAIL TRADE

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	CURRENT ASSETS TO CURRENT LIABILITIES (RATIO)	1972	1.2	1.9	1.7	1.4	1.5	1.6
	1974	2.0	1.5	1.8	1.4	1.4	1.4	1.4
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIABILITIES (RATIO)	1972	0.9	1.0	0.7	0.6	0.7	0.6	0.6
	1974	1.6	0.7	0.9	0.5	0.6	0.5	0.5

TABLE 3.33: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: RETAIL TRADE

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	LONG TERM DEBT TO EQUITY (PERCENT)	1972	7.8	19.5	14.1	23.9	11.0	18.1
	1974	3.9	16.2	14.1	16.3	28.1	21.8	21.7
TOTAL DEBT TO EQUITY (PERCENT)	1972	28.4	35.7	38.5	71.3	42.2	37.3	38.4
	1974	9.1	31.2	32.9	66.6	77.7	54.9	55.2

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 3.34: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: THE SERVICE INDUSTRY

SALES CLASS (\$000) RATIO	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
CURRENT ASSETS TO CURRENT LIABILITIES (RATIO) 1972	1.2	1.2	1.0	1.3	1.0	1.0	1.0
1974	1.5	1.2	0.9	0.9	1.0	1.1	1.0
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIAB- ILITIES (RATIO) 1972	1.2	1.1	0.9	1.2	0.9	0.8	0.9
1974	1.5	1.0	0.8	0.9	0.9	0.9	0.9

TABLE 3.35: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: THE SERVICE INDUSTRY

SALES CLASS (\$000) RATIO	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
LONG TERM DEBT TO EQUITY (PERCENT) 1972	26.4	31.9	32.1	36.0	80.4	55.2	50.0
1974	10.8	37.1	29.0	39.4	58.8	55.6	49.5
TOTAL DEBT TO EQUITY (PERCENT) 1972	38.8	37.7	49.5	48.2	110.5	76.9	69.3
1974	21.1	45.4	50.8	71.8	90.7	73.5	70.2

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*



TABLE 3.36: LIQUIDITY RATIOS FOR INCORPORATED BUSINESS: THE FINANCE SECTOR

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	CURRENT ASSETS TO CURRENT LIABILITIES (RATIO)	1972	1.7	1.6	1.1	0.9	1.0	0.9
	1974	0.9	1.5	1.1	1.1	1.2	0.9	1.0
CURRENT ASSETS LESS INVENTORIES TO CURRENT LIABILITIES (RATIO)	1972	1.6	1.5	1.1	0.8	0.9	0.9	0.9
	1974	0.9	1.4	1.0	0.9	0.9	0.9	0.9

TABLE 3.37: LEVERAGE RATIOS FOR INCORPORATED BUSINESS: THE FINANCE SECTOR

RATIO	SALES CLASS (\$000)	LESS THAN \$50	\$50 TO \$250	\$250 TO \$1000	\$1000 TO \$2000	\$2000 TO \$5000	OVER \$5000	TOTAL
	LONG TERM DEBT TO EQUITY (PERCENT)	1972	7.7	15.2	31.8	42.3	33.4	102.2
	1974	10.5	18.0	35.3	54.5	62.0	129.3	90.1
TOTAL DEBT TO EQUITY (PERCENT)	1972	10.9	21.0	41.1	59.8	61.6	524.9	273.5
	1974	14.2	24.8	47.8	72.2	86.5	450.7	278.7

SOURCE: BUSINESS FINANCE DIVISION, STATISTICS CANADA.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 4.1: BUSINESS LOANS BY SOURCE OF FINANCING: 1971 TO 1975

(IN MILLIONS OF DOLLARS)

## CHARTERED BANK LOANS

SIZE OF LOAN	1971		1972		1973		1974		1975	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
OVER \$5.0	3,858	34.9	4,752	35.3	6,523	38.1	7,826	38.0	9,096	39.2
\$1.0 TO \$5.0	2,374	21.4	2,990	22.2	3,803	22.2	4,605	22.4	5,084	21.8
LESS THAN \$1.0	4,836	43.7	5,719	42.5	6,810	39.7	8,137	39.6	9,048	39.0
TOTAL	11,068	100.0	13,461	100.0	17,136	100.0	20,568	100.0	23,228	100.0

## LOANS OF OTHER SOURCES

SOURCE	1971	1972	1973	1974	1975
SMALL BUSINESS LOANS ACT <sup>1</sup>	63	75	93	110	153
FARM IMPROVEMENT LOANS ACT	321	375	455	459	490
FISHERIES IMPROVEMENT LOANS ACT <sup>2</sup>	13	18	26	36	48
FEDERAL BUSINESS DEVELOPMENT BANK <sup>3</sup>	542	610	731	984	1,171

1 SBLA LOANS (LESS THAN \$50,000 PER LOAN) ARE INCLUDED IN THE LOANS OF THE CHARTERED BANKS.

2 AMOUNTS SINCE INCEPTION (APPROXIMATES CURRENTLY OUTSTANDING LOANS).

3 FISCAL YEAR OF THE FBDB ENDS ON SEPTEMBER 30.

SOURCES: SMALL BUSINESS LOANS ACT, ANNUAL REPORTS, 1971 - 1975.  
INDUSTRIAL DEVELOPMENT BANK (SUCCEEDED BY THE FBDB), ANNUAL REPORT, 1975.  
BANK OF CANADA REVIEW, APRIL 1977.  
FARM IMPROVEMENT LOANS ACT, ANNUAL REPORTS, 1971 - 1975.  
FISHERIES IMPROVEMENT LOANS ACT, ANNUAL REPORT, 1971 - 1975.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 4.2: GEOGRAPHIC PROFILE OF BUSINESS LOANS BY SOURCE OF FINANCING:

1975

(IN MILLIONS OF DOLLARS)

SOURCE OF FINANCING PROVINCE	CHARTERED BANKS <sup>1</sup>		SMALL BUSINESS LOANS ACT <sup>2</sup>		FEDERAL BUSINESS DEVELOPMENT BANK <sup>3</sup>	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
NEWFOUNDLAND	60	1.3	0.3	0.4	25.1	1.9
PRINCE EDWARD ISLAND	27	0.6	0.8	1.1	7.3	0.6
NOVA SCOTIA	163	3.4	1.9	2.6	27.5	2.1
NEW BRUNSWICK	112	2.4	3.4	4.7	30.3	2.3
QUEBEC	1109	23.3	17.2	23.5	259.4	19.9
ONTARIO	1708	36.1	11.6	15.9	309.1	23.7
MANITOBA	170	3.6	3.8	5.2	38.4	2.9
SASKATCHEWAN	128	2.7	5.2	7.1	29.8	2.3
ALBERTA	376	7.9	9.9	13.5	119.0	9.1
BRITISH COLUMBIA	885	18.6	18.9	25.9	440.8	33.9
YUKON/N.W.T.	12	0.3	0.1	0.1	17.4	1.3
CANADA	4750	100.0	73.1	100.0	1304.1	100.0

<sup>1</sup>OUTSTANDING LOANS OF LESS THAN \$200,000 PER LOAN AT THE END OF 1975.

<sup>2</sup>NEW LOANS APPROVED (LESS THAN \$50,000 PER LOAN) DURING 1975.

<sup>3</sup>OUTSTANDING AND COMMITTED LOANS AS OF SEPTEMBER 30, 1975.

SOURCES: SMALL BUSINESS LOANS ACT, ANNUAL REPORT, 1975.  
INDUSTRIAL DEVELOPMENT BANK (SUCCEEDED BY THE FBDB), ANNUAL REPORT, 1975.  
BANK OF CANADA REVIEW, APRIL 1977.

*Small Business Secretariat,  
Department of Industry,  
Trade and Commerce.*

TABLE 4.3: INDUSTRIAL PROFILE OF BUSINESS LOANS BY SOURCE OF FINANCING: 1975  
(IN MILLIONS OF DOLLARS)

MAJOR INDUSTRY SECTOR	SOURCE OF FINANCING	CHARTERED BANKS <sup>1</sup>		SMALL BUSINESS LOANS ACT <sup>2</sup>		FEDERAL BUSINESS DEVELOPMENT BANK <sup>3</sup>	
		AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
PRIMARY MANUFACTURING		5889	25.4	} 10.3	} 14.1	44.4	11.9
SECONDARY MANUFACTURING		2643	11.4				
CONSTRUCTION		1513	6.5	9.5	13.0	53.4	14.3
TRANSPORTATION, COMMUNICATIONS AND OTHER (PUBLIC) UTILITIES		1656	7.1	5.6	7.7	16.2	4.3
MERCHANDISING		3608	15.5	23.7	32.4	102.1	27.4
SERVICES AND OTHERS		7918	34.1	23.9	32.7	120.7	32.3

<sup>1</sup>OUTSTANDING LOANS AT THE END OF 1975.

<sup>2</sup>NEW LOANS APPROVED (LESS THAN \$50,000 PER LOAN) DURING 1975.

<sup>3</sup>LOAN APPROVALS DURING THE FISCAL YEAR ENDED SEPTEMBER 30, 1975.

SOURCES: SMALL BUSINESS LOANS ACT, ANNUAL REPORT, 1975.  
INDUSTRIAL DEVELOPMENT BANK (SUCCEEDED BY THE FBDB), ANNUAL REPORT, 1975.  
BANK OF CANADA REVIEW, APRIL 1977.

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TABLE 5.1: TRENDS IN GEOGRAPHIC DISTRIBUTION OF BUSINESS FAILURES

YEAR REGION	1970		1971		1972		1973		1974	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
MARITIMES										
INCORPORATED	20	2.1	22	2.4	19	2.3	15	1.8	18	2.1
UNINCORPORATED	24	1.2	35	1.6	37	1.7	20	1.0	25	1.3
TOTAL	44	1.5	57	1.9	56	1.8	35	1.2	43	1.5
QUEBEC										
INCORPORATED	520	55.0	449	49.7	357	42.5	394	47.9	406	47.4
UNINCORPORATED	847	42.7	858	40.1	790	35.2	732	34.6	689	35.6
TOTAL	1367	46.6	1307	42.9	1147	37.2	1126	38.4	1095	39.3
ONTARIO										
INCORPORATED	284	30.0	287	31.7	287	34.3	256	31.2	313	36.5
UNINCORPORATED	774	39.1	872	40.8	951	42.4	954	45.2	812	42.0
TOTAL	1058	36.2	1159	38.1	1238	40.2	1210	41.2	1125	40.3
WEST										
INCORPORATED	122	12.9	147	16.2	175	20.9	157	19.1	120	14.0
UNINCORPORATED	336	17.0	375	17.5	465	20.7	406	19.2	407	21.1
TOTAL	458	15.7	522	17.1	640	20.8	563	19.2	527	18.9
TOTAL CANADA										
INCORPORATED	946	100.0	905	100.0	838	100.0	822	100.0	857	100.0
UNINCORPORATED	1981	100.0	2140	100.0	2243	100.0	2112	100.0	1933	100.0
TOTAL	2927	100.0	3045	100.0	3081	100.0	2934	100.0	2790	100.0

SOURCE: REPORT OF THE SUPERINTENDENT OF BANKRUPTCY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS.

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TABLE 5.2: BUSINESS FAILURES FOR MAJOR INDUSTRY SECTORS: 1970 TO 1974

INDUSTRY SECTOR \ YEAR	1970		1971		1972		1973		1974	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
MANUFACTURING	397	13.6	455	14.9	413	13.4	440	15.0	337	12.1
CONSTRUCTION	468	16.0	418	13.7	447	14.5	475	16.2	448	16.1
TRADE	1499	51.2	1390	45.7	1265	41.1	1304	44.4	1231	44.1
SERVICES AND OTHER	563	19.2	782	25.7	956	31.0	715	24.4	774	27.7
TOTAL CANADA	2927	100.0	3045	100.0	3081	100.0	2934	100.0	2790	100.0

SOURCE: REPORT OF THE SUPERINTENDENT OF BANKRUPTCY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS.

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TABLE 5.3: OUTSTANDING LIABILITIES OF BUSINESS FAILURES  
 FOR MAJOR INDUSTRY SECTORS: 1970 TO 1974  
 (IN MILLIONS OF DOLLARS)

INDUSTRY SECTOR \ YEAR	1970	1971	1972	1973	1974
MANUFACTURING	77,860	84,774	61,808	62,536	64,801
CONSTRUCTION	53,848	54,476	54,062	42,218	56,322
TRADE	83,484	78,984	67,168	77,993	86,155
SERVICES AND OTHERS	51,433	52,074	51,576	52,549	59,277
TOTAL CANADA	266,625	270,308	234,614	235,296	266,555

SOURCE: REPORT OF THE SUPERINTENDENT OF BANKRUPTCY, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS.

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TABLE 5.4: NUMBER OF BUSINESS FAILURES FOR MAJOR INDUSTRY SECTORS  
BY AMOUNT OF OUTSTANDING LIABILITIES; 1970 TO 1975

INDUSTRY SECTOR \ YEAR	1970		1971		1972		1973		1974		1975	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
MANUFACTURING												
UNDER \$100,000	231	66.2	205	64.1	143	63.3	119	55.1	104	52.8	133	57.8
OVER \$100,000	118	33.8	115	35.9	83	36.7	97	44.9	93	47.2	97	42.2
TOTAL	349	100.0	320	100.0	226	100.0	216	100.0	197	100.0	230	100.0
CONSTRUCTION												
UNDER \$100,000	405	82.6	384	82.8	430	77.3	458	78.2	415	73.1	249	74.1
OVER \$100,000	85	17.4	80	17.2	126	22.7	128	21.8	153	26.9	87	25.9
TOTAL	490	100.0	464	100.0	556	100.0	586	100.0	568	100.0	336	100.0
TRADE												
UNDER \$100,000	1,269	89.9	1,313	89.9	1,226	91.0	1,125	87.4	1,052	85.1	577	79.4
OVER \$100,000	142	10.1	147	10.1	121	9.0	162	12.6	184	14.9	150	20.6
TOTAL	1,411	100.0	1,460	100.0	1,347	100.0	1,287	100.0	1,236	100.0	727	100.0
SERVICE												
UNDER \$100,000	439	86.9	422	90.6	429	91.9	345	88.0	296	84.1	275	77.5
OVER \$100,000	66	13.1	44	9.4	38	8.1	47	12.0	56	15.9	80	22.5
TOTAL	505	100.0	466	100.0	467	100.0	392	100.0	352	100.0	355	100.0

SOURCE: COMMERCIAL FAILURES, STATISTICS CANADA, CATALOGUE NO. 61-002.

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TABLE 6.1: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES  
FOR ALL CANADA: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	77,636	77,636
\$50 TO \$250	83,019	263,366
\$250 TO \$1000	51,706	578,736
\$1000 TO \$2000	12,555	359,214
\$2000 TO \$5000	8,613	519,082
OVER \$5000	5,764	3,177,604
TOTAL CANADA	239,293	4,975,638

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	221,342	221,342
\$50 TO \$250	89,968	232,255
\$250 TO \$1000	10,135	84,535
\$1000 TO \$2000	412	10,003
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	321,857	548,135

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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TABLE 6.2: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES  
FOR PRIMARY MANUFACTURING: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	1,650	1,650
\$50 TO \$250	3,454	8,157
\$250 TO \$1000	3,400	31,305
\$1000 TO \$2000	1,252	30,746
\$2000 TO \$5000	1,075	59,215
OVER \$5000	1,062	860,701
TOTAL CANADA	11,893	991,774

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	2,571	2,571
\$50 TO \$250	1,142	1,922
\$250 TO \$1000	93	648
\$1000 TO \$2000	2	47
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	3,808	5,188

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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TABLE 6.3: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES FOR SECONDARY MANUFACTURING: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	1,786	1,786
\$50 TO \$250	3,880	11,885
\$250 TO \$1000	3,852	47,028
\$1000 TO \$2000	1,552	50,278
\$2000 TO \$5000	1,269	91,202
OVER \$5000	1,122	724,361
TOTAL CANADA	13,461	926,540

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	6,037	6,037
\$50 TO \$250	2,841	6,826
\$250 TO \$1000	327	2,876
\$1000 TO \$2000	27	800
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	9,232	16,539

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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TABLE 6.4: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES  
FOR TRANSPORTATION: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	2,597	2,597
\$50 TO \$250	3,677	16,252
\$250 TO \$1000	2,048	36,016
\$1000 TO \$2000	447	22,222
\$2000 TO \$5000	269	29,761
OVER \$5000	202	288,867
TOTAL CANADA	9,240	395,715

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	36,766	36,766
\$50 TO \$250	4,364	13,643
\$250 TO \$1000	278	4,067
\$1000 TO \$2000	11	522
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	41,419	54,998

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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TABLE 6.5: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES  
FOR CONSTRUCTION: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	5,489	5,489
\$50 TO \$250	11,553	38,666
\$250 TO \$1000	8,022	101,422
\$1000 TO \$2000	1,747	62,764
\$2000 TO \$5000	1,068	83,334
OVER \$5000	416	140,825
TOTAL CANADA	28,295	432,500

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	46,748	46,748
\$50 TO \$250	14,157	34,476
\$250 TO \$1000	903	9,276
\$1000 TO \$2000	17	525
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	61,825	91,025

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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TABLE 6.6: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES  
FOR WHOLESALE TRADE: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	5,397	5,397
\$50 TO \$250	8,049	9,079
\$250 TO \$1000	8,282	38,052
\$1000 TO \$2000	3,114	37,472
\$2000 TO \$5000	2,299	60,660
OVER \$5000	1,537	285,074
TOTAL CANADA	28,678	435,734

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	17,432	17,432
\$50 TO \$250	6,399	6,008
\$250 TO \$1000	1,384	5,228
\$1000 TO \$2000	87	993
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	25,302	29,661

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO.72-002.

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TABLE 6.7: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES  
FOR RETAIL TRADE: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	6,245	6,245
\$50 TO \$250	17,609	47,927
\$250 TO \$1000	13,532	126,738
\$1000 TO \$2000	2,498	68,068
\$2000 TO \$5000	1,621	96,752
OVER \$5000	838	427,746
TOTAL CANADA	42,343	773,476

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	44,135	44,135
\$50 TO \$250	44,043	97,632
\$250 TO \$1000	6,053	44,930
\$1000 TO \$2000	164	4,215
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	94,395	190,912

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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TABLE 6.8: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES FOR THE SERVICE INDUSTRY: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	15,629	15,629
\$50 TO \$250	16,939	99,694
\$250 TO \$1000	6,992	157,387
\$1000 TO \$2000	1,004	67,208
\$2000 TO \$5000	486	72,281
OVER \$5000	215	192,138
TOTAL CANADA	41,265	604,337

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	59,559	59,559
\$50 TO \$250	15,102	68,878
\$250 TO \$1000	810	15,308
\$1000 TO \$2000	20	1,285
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	75,491	145,030

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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TABLE 6.9: PROFILE OF ESTIMATED EMPLOYMENT FOR VARIOUS SALES CLASSES  
FOR THE FINANCE SECTOR: 1974

INCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	38,843	38,843
\$50 TO \$250	17,858	31,706
\$250 TO \$1000	5,578	40,788
\$1000 TO \$2000	941	20,456
\$2000 TO \$5000	526	25,877
OVER \$5000	372	257,892
TOTAL CANADA	64,118	415,562

UNINCORPORATED

SALES CLASS (\$000)	NUMBER OF BUSINESSES	NUMBER OF EMPLOYEES
LESS THAN \$50	8,094	8,094
\$50 TO \$250	1,920	2,870
\$250 TO \$1000	287	2,202
\$1000 TO \$2000	84	1,616
\$2000 TO \$5000	-	-
OVER \$5000	-	-
TOTAL CANADA	10,385	14,782

SOURCE: BASED ON EMPLOYMENT EARNINGS AND HOURS, STATISTICS CANADA, CATALOGUE NO. 72-002.

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APPENDIX 2: DEFINITION OF FINANCIAL RATIOS

- a) Profits after tax on capital employed - Net profits after tax are divided by long term liabilities, including long term debt and equity.
- b) Profits after tax on equity - Net profits after tax are divided by equity and loans due to shareholders or affiliates.
- c) Profits after tax on total assets - Net profits after tax are divided by all assets employed including current assets, fixed assets and other long term assets.
- d) Profits after tax on total revenue - Profits after tax are divided by total gross revenue earned.
- e) Cash earnings to total revenue - Depletion, depreciation and amortization (all non-cash expenses) are added back to net profit after tax and divided by total revenue.
- f) Current assets to current liabilities - This ratio, often called the working capital ratio, is indicative of the coverage of obligations of less than one year by assets that will be liquidated within the year.
- g) Current assets less inventories to current liabilities - Current assets reduced by inventories represent very liquid assets usually considered to be virtually equivalent to cash. This ratio provides an indication of immediate liquidity and is sometimes called the quick ratio.
- h) Long term debt to equity - Net long term debt, including mortgage debt, bonds and debentures, long term bank loans and other long term debt (over one year to maturity), is divided by shareholders' equity and loans from shareholders and affiliates.

- i) Total debt to equity - Net long term debt and short term debt including bank loans, short term loans and long term debt due within one year is divided by shareholders' equity and loans from shareholders and affiliates.
- j) Interest to total cost - Bond, mortgage and other interest is divided by total expenses excluding taxes.
- k) Sales to inventory - Annual sales are divided by outstanding inventory at year end. This provides a measure of the inventory kept on hand to support a given level of sales.
- l) Collection period - Accounts receivable outstanding are divided by sales of products and services and multiplied by 365. This provides an indication of the average days outstanding of receivables.



