

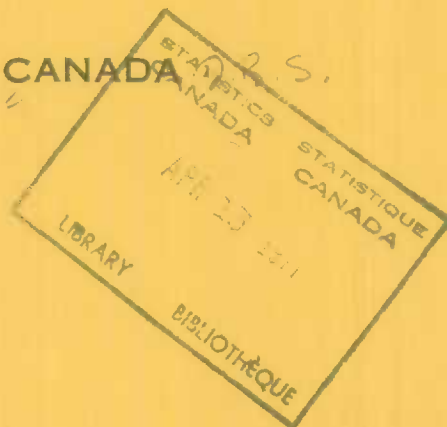
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1948, no.3

GOVERNMENT OF CANADA



OPERATING RESULTS
AND
FINANCIAL STRUCTURE
RETAIL CLOTHING STORES
1948



DOMINION BUREAU OF STATISTICS
DEPARTMENT OF TRADE AND COMMERCE



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

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

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FACSIMILE OF SCHEDULE

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

6.

BALANCE SHEET FOR YEAR 1946

DOLLARS OMIT CENTS

	CASH ON HAND OR IN BANK	
	(A) ACCOUNTS AND NOTES RECEIVABLE	
	(B) RESERVE FOR DOUBTFUL ACCOUNTS	
CURRENT ASSETS	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)	
	MERCHANDISE INVENTORIES	
	OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)	
	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT	
	(B) RESERVE FOR DEPRECIATION	
FIXED ASSETS	TOTAL FIXED ASSETS (A LESS B)	
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS	
	TOTAL ASSETS	
LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE	
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME	
	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHAREHOLDERS' EQUITY)	
NET WORTH	SURPLUS ACCOUNT	
	TOTAL LIABILITIES AND NET WORTH	

BALANCE SHEET FOR YEAR 1947

DOLLARS OMIT CENTS

	CASH ON HAND OR IN BANK	
	(A) ACCOUNTS AND NOTES RECEIVABLE	
	(B) RESERVE FOR DOUBTFUL ACCOUNTS	
CURRENT ASSETS	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)	
	MERCHANDISE INVENTORIES	
	OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)	
	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT	
	(B) RESERVE FOR DEPRECIATION	
FIXED ASSETS	TOTAL FIXED ASSETS (A LESS B)	
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS	
	TOTAL ASSETS	
LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE	
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME	
	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHAREHOLDERS' EQUITY)	
NET WORTH	SURPLUS ACCOUNT	
	TOTAL LIABILITIES AND NET WORTH	

7.

ANNUAL SALES TRENDS

DOLLARS OMIT CENTS

IN ORDER TO PROVIDE COMPARABLE FIGURES FROM YEAR TO YEAR, PLEASE STATE YOUR TOTAL SALES.

SALES FOR 1946 SHOULD AGREE WITH AMOUNT GIVEN IN SECTION 6, ITEM 11

TOTAL SALES FOR 1946

TOTAL SALES FOR 1947

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

NAME OF FIRM

DATE OF REPORT

SIGNATURE

PERIOD COVERED FROM

TO

DEFINITIONS

PROFIT AND LOSS

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

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

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

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

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

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

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

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

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

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

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

Advertising

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

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

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

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

BALANCE SHEET

ASSETS

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

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

Merchandise inventories - represents the cost value of merchandise on hand for resale but does not include store supplies on hand.

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

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

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

LIABILITIES AND NET WORTH

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

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

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

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

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

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

LIST OF ALLIED PUBLICATIONSANNUAL:

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

QUARTERLY:

- Retail Consumer Credit

MONTHLY:

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

SPECIAL:

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

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

OPERATING RESULTS AND FINANCIAL STRUCTURE

RETAIL CLOTHING STORES, 1948

INTRODUCTION

This report, presenting the operating results of independent retail clothing stores 1948, continues the series of bulletins published in 1944, 1945 and 1946. The survey is based upon operating statements contributed by a sample of firms throughout the country. The four trades covered are men's clothing stores, women's clothing stores, family clothing stores and family shoe stores.

An important addition to the 1948 studies may be found in the analysis of Balance Sheet data for the responding firms. Previous bulletins have been prepared for the purpose of presenting average expense and profit ratios on the year's operations which might be used by merchants as a comparison to their own individual results. In addition, this bulletin provides information on the financial position of the various trades by size and occupancy groups. From this additional information, many useful ratios are made available such as those between balance sheet items, known as static ratios and those obtained by relating the operating figures, known as velocity ratios.

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

Throughout this bulletin a distinction has been made between unincorporated and incorporated businesses. In the profit and loss section, the salaries figure for incorporated firms includes amounts paid to executives while for unincorporated stores, proprietors' withdrawals remained a part of net profit. In the balance sheet section, segregation of capital stock and the surplus account was possible for incorporated firms but the majority of unincorporated firms reported the two items as one amount - capital. Chain stores are dealt with in a separate survey, alternated each year with the studies on independent stores.

USE OF OPERATING AND FINANCIAL RATIOS

To make the best use of the ratios in this report an orderly system of bookkeeping is essential. Reference should also be made to the list of definitions provided on pages 4 and 5 of this bulletin. A brief commentary on what may be derived from this study can best be divided between the Profit and Loss Statement and the Balance Sheet.

PROFIT AND LOSS

Every year the retail merchant should review his operations and make plans for improvement in certain phases of his activities or effect economies in others. Some of the important questions may well be:

- what is an adequate profit for his line of business;
- what amount of inventory should be carried and how many times a year should it be **turned over**;
- what proportion of sales should be paid out in wages to employees in proportion to his size of business;
- what part of sales should be spent on other operating expenses?

This bulletin presents 'average' results for comparison and covers all major profit and expense items which are expressed as percentages of net sales. For each trade this information has been broken down, when there were sufficient responding firms, into five sales-size classes for owned and rented stores.

Although a question was asked concerning delivery, it was of minimum importance in clothing stores and has been included with 'all other' expenses in the 'profit and loss' results.

BALANCE SHEET

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

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

Important ratios from the Balance Sheet are:

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

Other ratios of interest to particular business men may be calculated from figures in this report. A division between capital and surplus was not feasible for businesses of individual ownership or partnerships. Misinterpretation of some of the items on the questionnaire by contributing firms undoubtedly has resulted in a certain amount of error in some of the averages shown.

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

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

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

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

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

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

* * * * *

Acknowledgment

Assistance and guidance from the CANADIAN RETAIL FEDERATION throughout this survey is gratefully acknowledged.

* * *

COMPARISON OF MAIN ITEMS BY TRADES.

This comparison deals mainly with unincorporated firms. Because information on incorporated businesses was not available for years prior to 1945 comparison with previous years is not possible. Both incorporated and unincorporated results are shown in comparisons of 1948 operating expenses by trades, in following sections.

GROSS AND NET PROFIT (Unincorporated)

The four retail clothing trades operated on quite similar gross and net profits in 1948. Gross profits ranged from 23.4 per cent of net sales in family clothing stores to 26.6 per cent in shoe stores. Net profit ratios including proprietors' salaries and income tax, fell between 10.0 per cent in family clothing stores and 11.9 per cent in men's clothing stores. These ratios were consistently lower than those of 1944, 1945 and 1946. The 1938 survey included incorporated companies for which salaries were excluded from net profit, which accounts in part for the lower ratio of net profit in that year.

GROSS PROFITS AND NET PROFITS OF UNINCORPORATED RETAIL CLOTHING STORES 1938, 1941, 1944-1946, 1948

Year	MEN'S CLOTHING		WOMEN'S CLOTHING		FAMILY CLOTHING		SHOE STORES	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
1938 .	28.7	7.0	29.7	4.6	27.1	4.4	29.8	6.6
1941 .	27.7	15.3	27.5	9.4	(not available)		26.3	9.3
1944 .	27.2	12.3	27.9	11.8	24.3	11.1	27.6	12.6
1945 .	27.5	13.5	27.7	11.5	24.8	11.5	27.3	13.9
1946 .	26.9	13.7	27.1	10.9	23.8	10.7	26.8	12.5
1948 .	25.9	11.9	25.8	10.4	23.4	10.0	26.6	11.5

Note - Net profit is before deduction of proprietors' salaries and income tax.

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER (Unincorporated)

Of the apparel group, men's clothing stores have shown the greatest advance in average sales per store since 1946 and since 1938 have doubled their dollar volume of business. They also maintained the greatest dollar volume of stock while women's clothing stores held the smallest.

Women's clothing stores sold and replaced their stock 4.6 times in 1948, men's and family clothing 2.7 times and shoe stores 2.2 times. This rate of stock turnover was considerably slower than that of previous years except in women's clothing stores. A greater demand for available goods in 1946 together with a much greater dollar volume of stock on hand in 1948 has, no doubt, been the cause of this drop in rate of stock turn.

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER OF UNINCORPORATED RETAIL CLOTHING STORES - 1938, 1941, 1944-1946, 1948

Year	Sales	Begin- ning Inven- tory	Ending Inven- tory	Stock Turn- over (x)	Sales	Begin- ning Inven- tory	Ending Inven- tory	Stock Turn- over (x)
	MEN'S CLOTHING				WOMEN'S CLOTHING			
	\$	\$	\$		\$	\$	\$	
1938 .	33,819	12,593	12,798	1.9	37,094	6,913	7,083	3.7
1941 .	38,287	12,481	13,942	2.1	29,707	4,998	5,624	4.1
1944 .	45,205	13,168	11,592	2.7	31,108	4,827	4,840	4.6
1945 .	51,904	11,342	10,131	3.5	36,618	5,304	5,617	4.8
1946 .	57,537	9,899	13,205	3.6	38,705	5,543	6,836	4.6
1948 .	68,623	17,940	20,167	2.7	51,868	7,758	9,176	4.6
	FAMILY CLOTHING				SHOE STORES			
1938 .	36,165	14,760	14,539	1.8	33,711	13,584	13,765	1.7
1941 .		(not available)			34,398	11,616	13,015	2.1
1944 .	45,667	11,398	12,014	3.0	41,328	10,443	10,525	2.9
1945 .	49,709	12,160	12,104	3.1	41,621	10,169	9,978	3.0
1946 .	54,053	11,750	14,238	3.2	44,867	10,174	12,317	2.9
1948 .	62,539	16,755	18,765	2.7	49,444	15,932	16,946	2.2

(x) Times per year.

AVERAGE OPERATING EXPENSES

The largest single item of expense in the retail clothing trades was that of salaries and wages. In unincorporated stores this item, excluding proprietors' salaries, ranged from 6.00 per cent in family clothing stores to 7.03 per cent of sales in shoe stores. Incorporated firms paid from 14.44 per cent in shoe stores to 12.66 per cent in men's clothing stores for salaries and wages, including all executive salaries.

Occupancy costs were shown to be higher in incorporated firms than in unincorporated. Shoe stores in the incorporated group and women's clothing shops in the unincorporated group reported highest occupancy ratios. In both types of organization, family clothing stores paid out the smallest proportion of net sales as occupancy cost. Incorporated stores spent considerably more for advertising than did unincorporated, the largest proportion being spent by shoe stores - 2.00 per cent.

OPERATING EXPENSES OF UNINCORPORATED RETAIL CLOTHING STORES FOR 1948

Item	Men's Clothing	Women's Clothing	Family Clothing	Shoes
Salaries	6.19	6.63	6.00	7.03
Occupancy	3.92	4.58	3.64	4.42
Store supplies .....	.50	.58	.51	.53
Advertising	1.01	.81	.77	.95
All other	2.38	2.84	2.42	2.11
Total	14.00	15.44	13.34	15.04

(Items expressed as percentage of net sales)

OPERATING EXPENSES OF INCORPORATED RETAIL CLOTHING STORES FOR 1948

Item	Men's Clothing	Women's Clothing	Family Clothing	Shoes
Salaries	12.66	13.26	12.77	14.44
Occupancy	4.64	5.02	4.35	5.56
Store supplies	0.57	.72	.67	0.39
Advertising	1.69	1.38	1.95	2.00
All other	2.61	2.97	3.09	2.14
Total	22.17	23.35	22.83	24.53

(Items expressed as percentage of net sales)

FINANCIAL POSITION (Unincorporated)

Owned and rented stores were separated for all balance sheet data because of the greater amount of fixed investment in owned stores. All trades showed a favourable ratio of current assets to current liabilities with shoe stores having \$3.00 or more current assets to meet every \$1 of current liability and women's clothing stores having the smallest current ratio.

All trades had at least half of their net worth in the form of working capital or current assets free from current obligation. Rented stores, with lower net worth values had higher ratios of net quick assets to net worth than did owned stores. Family clothing stores transacted more dollar volume sales per dollar of fixed asset investment in both the owned and rented groups - \$5.88 and \$44.24 respectively. The other trades ranged down to \$4.00 sales in owned and \$27.23 sales in rented stores per \$1 investment in fixed assets.

FINANCIAL AND OPERATING RATIOS OF UNINCORPORATED CLOTHING STORES COMPARED
As at December 31, 1948

Ratio	O W N E D			
	Men's Clothing	Women's Clothing	Family Clothing	Shoes
Current assets to current liabilities.	2.58	2.43	2.95	3.25
Current assets to fixed assets	2.29	1.33	2.46	2.68
Net quick assets to net worth .....	.57	.51	.67	.66
Liabilities to net worth .....	.44	.57	.47	.35
Sales to net worth	2.27	2.62	2.42	1.87
Sales to fixed assets	5.34	4.00	5.88	5.29
Net profit to net worth .....	.27	.27	.23	.23

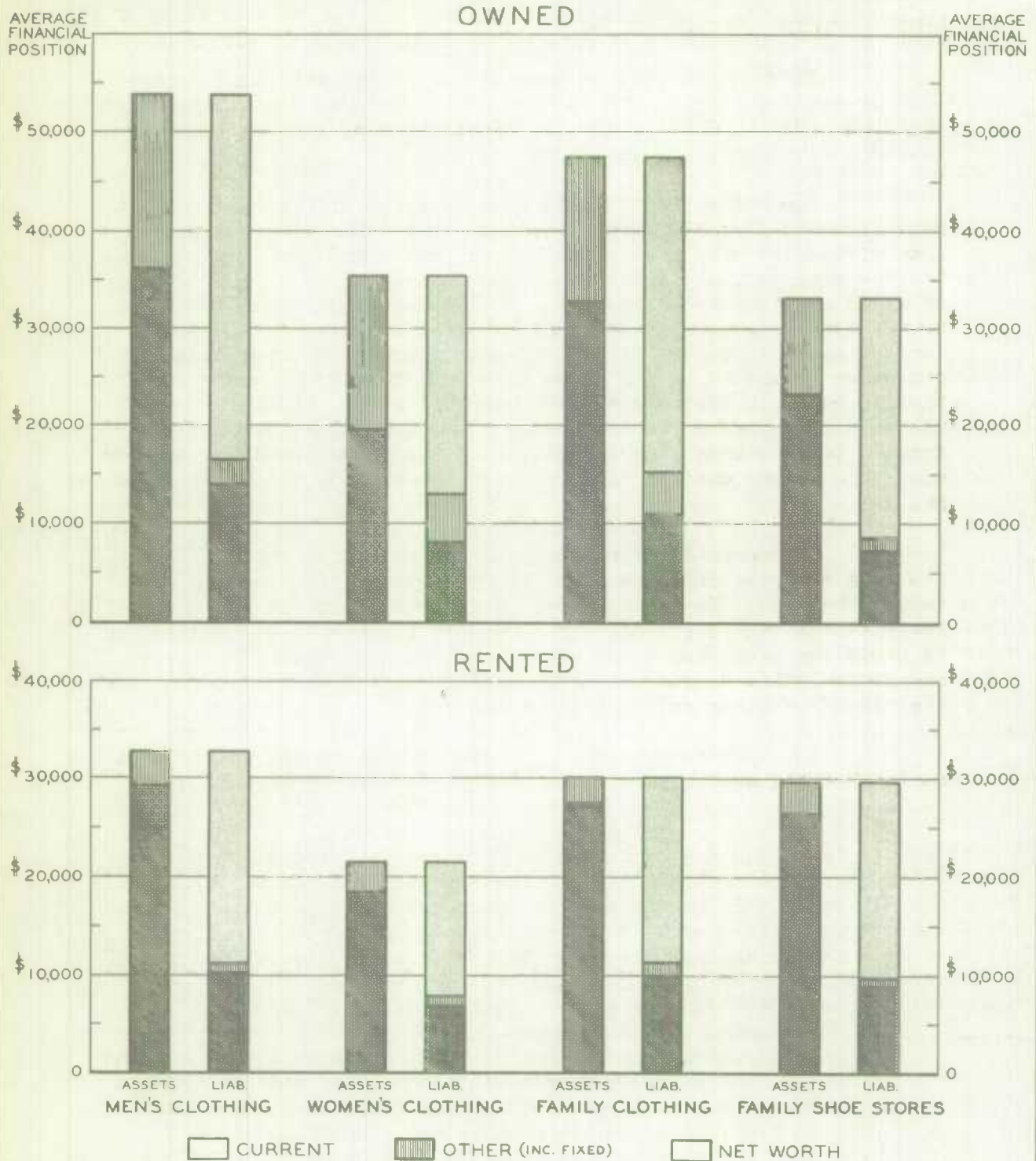
	R E N T E D			
Current assets to current liabilities.	2.87	2.73	2.79	3.00
Current assets to fixed assets	12.81	10.69	18.63	11.45
Net quick assets to net worth .....	.88	.86	.90	.88
Liabilities to net worth .....	.52	.57	.58	.49
Sales to net worth	3.25	4.56	3.35	3.15
Sales to fixed assets	30.74	35.93	44.24	27.23
Net profit to net worth .....	.38	.46	.33	.25

CHART I.

COMPARISON OF FINANCIAL STRUCTURE BY TRADES

AVERAGE FINANCIAL POSITION DECEMBER 31, 1948

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



SUMMARIES, CHARTS AND TABLES BY TRADES.

1. MEN'S CLOTHING STORES

This classification consists of stores selling a general line of men's apparel and furnishings but excludes specialized furnishings stores. Other specialty stores such as hat stores and custom tailors were not included.

Reports satisfactorily completed for profit and loss data were received from 345 unincorporated firms. These were arranged into five sales-size groups and between owned and rented categories. Too few reports came within the lowest range, under \$10,000 sales, to allow publication of results. Balance sheet data were completed by a smaller number of firms and tabulated only for the three largest size classes. Sufficient rented stores reported to allow a further breakdown in the three sizes for two age groups - less than 10 years in business and 10 years and over. Firms giving no age were included in the size class total but not in either age group. Owned stores were tabulated for the three sizes but not for age. The number used in balance sheet results for the three sizes was, 221.

Incorporated firms contributed 103 usable reports. Too few were received from the owned group to permit publication of results by size. Profit and loss data for 94 firms in the three largest size rented classes are shown and balance sheet results for 69 firms are presented in as much detail as possible. To obtain comparable velocity ratios, sales and net profit were tabulated for the firms reporting only balance sheet data.

The operating results for 1948 and financial position of men's clothing stores at the end of the year are summarized as follows:

1. Gross and net profits have decreased in proportion to net sales since 1946 in both incorporated and unincorporated firms. In both types, salaries and wages paid to employees have increased. Total expenses of unincorporated firms has changed little from 1945 but incorporated stores paid 22.2 per cent of net sales to meet expenses in 1948 compared to 20.5 per cent in 1945. (Table 1, page 18.)
2. In 1948 unincorporated men's clothing stores showed a trend of increasing gross profit with greater volume of business ranging from 22.92 per cent of net sales in the smallest size class to 27.22 per cent in the largest. Rented stores operated on wider margins than owned but also had greater expenses to net a profit similar to owned stores. Salaries and wages paid was the largest item of expense and increased greatly with expanding volume of sales

2. ranging from 1.54 per cent to 7.74 per cent.
(Table 2, page 20.)

3. Incorporated firms obtained greater gross profits in 1948 than did unincorporated businesses, averaging approximately 2 per cent more. A comparison of salaries between the two types of business is not possible because executive salaries of incorporated firms are included in salary expense but salaries of the proprietors of unincorporated stores are not. Operating expenses, excluding salaries, were greater in proportion to net sales for incorporated stores. For the three size groups they ranged from 9.36 per cent of sales to 10.39 per cent. The range in the unincorporated groups was from 8.40 to 8.62 per cent. Incorporated firms spent a greater proportion on advertising, rents and other occupancy costs. (Table 3, page 21.)

4. At the end of 1948 unincorporated men's clothing businesses which had been in operation for 10 years or more showed a more favourable ratio of current assets to current liabilities than did stores with less than 10 years business experience. No single class of owned or rented stores had a current ratio of less than 2. A greater proportion of net worth was available as net quick assets or working capital in the older group of stores than in those with less than 10 years operating experience. (Tables 4 and 5, pages 22 and 23.)

5. In the unincorporated type of firms, rented stores had an average investment in fixed assets of \$2,282 compared to an investment of \$15,848 by owners. This difference is reflected in the ratios. In the rented class there were \$12.81 current assets for every \$1 of fixed assets; in owned only \$2.29. In rented stores 88¢ of every \$1 net worth was available as working capital; in owned stores, with a greater net worth, this ratio was reduced to .57. Every \$1 invested in fixed assets produced \$30.74 sales in rented stores and \$5.34 in owned stores. (Tables 4 and 5, pages 22 and 23.)

6. At the end of 1948 incorporated firms operating from owned premises had \$3.12 current assets to meet every \$1 current liabilities; firms operating from rented premises had a similar current ratio - 3.16. Rented firms produced more sales than did owned for every \$1 of capital - \$9.85 compared to \$5.82. (Table 6, page 24.)

Table 1. - Operating Results of Men's Clothing Stores, 1945-1946-1948

Item	Incorporated			Unincorporated		
	1945	1946	1948	1945	1946	1948
Number of stores reporting .	102	93	103	441	434	345
Average net sales \$	120,007	142,294	157,631	51,904	57,537	68,623
Gross profit	31.5	30.5	28.6	27.5	26.9	25.9
Operating expenses:						
Employees' salaries	11.7	12.0	12.7	5.9	5.9	6.2
Occupancy	4.6	4.5	4.6	4.0	3.8	3.9
Store supplies	0.7	0.6	0.6	0.5	0.6	0.5
Advertising	1.1	1.2	1.7	0.7	0.7	1.0
All other expenses	2.4	2.4	2.6	2.4	2.2	2.4
Total operating expenses ...	20.5	20.7	22.2	13.5	13.2	14.0
Net profit before deduction of income tax (a)	11.0	9.8	6.4	14.0	13.7	11.9

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

OPERATING RESULTS OF MEN'S CLOTHING STORES, 1948

BY AMOUNT OF ANNUAL SALES

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

% OF
NET SALES

% OF
NET SALES

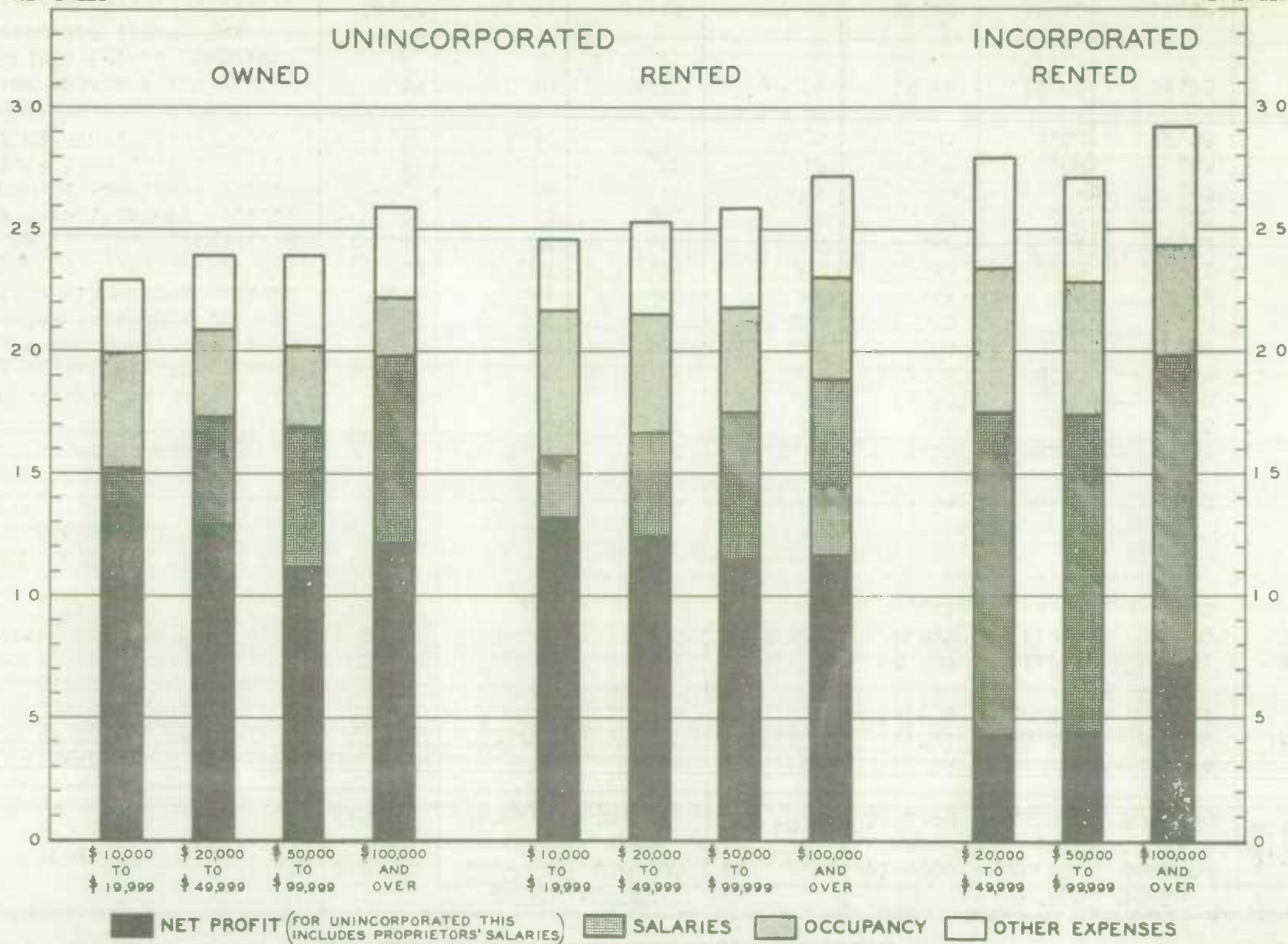


CHART 2.

Table 2.--Men's Clothing Stores - Operating Results of Unincorporated Stores Classified by
Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES				RENTED STORES			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	14	37	26	24	24	88	74	48
Average net sales per store \$	16,088	35,282	71,380	170,203	16,591	35,441	69,949	154,830
Average cost of goods sold \$	12,401	26,852	54,315	126,155	12,502	26,478	51,887	112,689
Average beginning inventory \$	5,580	11,645	16,862	41,913	5,607	11,764	18,631	34,186
Average inventory, end of year .. \$	6,341	12,431	19,889	49,654	6,225	12,901	20,603	38,280
Stock turnover (times per year) ...	2.08	2.23	2.96	2.76	2.11	2.15	2.65	3.11
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	22.92	23.89	23.91	25.88	24.64	25.29	25.82	27.22
Operating expenses:								
Employees' salaries and wages .	1.54	4.42	5.78	7.74	1.95	4.26	5.95	7.14
Taxes	1.11	.79	.72	.55	.40	.30	.25	.24
Insurance .....	.64	.64	.63	.48	.53	.50	.42	.44
Rent	-	-	-	-	3.38	2.70	2.37	2.43
Heat, light and power	1.61	.87	.60	.47	.84	.66	.46	.33
Repairs and maintenance .....	.63	.63	.81	.40	.35	.36	.40	.28
Depreciation allowances .....	.75	.64	.53	.51	.46	.32	.36	.48
Store supplies .....	.40	.54	.44	.40	.55	.53	.51	.54
Advertising .....	.41	.50	.81	1.03	.46	.64	1.12	1.28
Bad debts - written off .....	.26	.15	.31	.13	.07	.09	.25	.27
(Less) amount recovered .....	.02	.04	.01	.01	-	-	.02	.05
Net bad debt loss .....	.24	.11	.30	.12	.07	.09	.23	.22
All other expenses	1.86	1.84	2.15	2.04	1.93	2.52	2.28	2.19
Total operating expenses	9.19	10.98	12.77	13.74	10.92	12.88	14.35	15.57
Net trading profit before proprie- tors' salaries and income tax deduction	13.73	12.91	11.14	12.14	13.72	12.41	11.47	11.65

Table 3.--Men's Clothing Stores - Operating Results of Incorporated and Unincorporated
Rented Stores Compared, 1948

Item	INCORPORATED			UNINCORPORATED		
	\$20,000 of \$49,999	\$50,000 of \$99,999	\$100,000 and Over	\$20,000 of \$49,999	\$50,000 of \$99,999	\$100,000 and Over
Number of stores reporting	10	33	51	88	74	48
Average net sales per store \$	37,288	78,291	215,254	35,441	69,949	154,830
Average cost of goods sold \$	26,900	57,047	152,462	26,478	51,887	112,689
Average beginning inventory \$	13,558	21,922	47,188	11,764	18,631	34,186
Average inventory, end of year .. \$	18,906	24,983	50,791	12,901	20,603	38,280
Stock turnover (times per year) ...	1.66	2.43	3.11	2.15	2.65	3.11
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	28.86	27.14	29.17	25.29	25.82	27.22
Operating expenses:						
Employees' salaries and wages ..	13.16	13.03	12.59	4.26	5.95	7.14
Taxes	1.05	.36	.38	.30	.25	.24
Insurance	1.08	.55	.37	.50	.42	.44
Rent	2.82	2.99	2.67	2.70	2.37	2.43
Heat, light and power .....	.47	.55	.44	.66	.46	.33
Repairs and maintenance .....	.08	.45	.33	.36	.40	.28
Depreciation allowances .....	.35	.46	.34	.32	.36	.48
Store supplies .....	.67	.62	.53	.53	.51	.54
Advertising	1.31	1.18	1.81	.64	1.12	1.28
Bad debts - written off .....	.32	.16	.22	.09	.25	.27
(Less) amount recovered .....	.10	.03	.07	-	.02	.05
Net bad debt loss .....	.22	.13	.15	.09	.23	.22
All other expenses	2.34	2.40	2.34	2.52	2.28	2.19
Total operating expenses	23.55	22.72	21.95	12.88	14.35	15.57
Net trading profit before proprie- tors' salaries and income tax deduction (a)	4.31	4.42	7.22	12.41	11.47	11.65

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

Table 4.--Men's Clothing Stores - Owned - Financial Structure of
Unincorporated Firms by Size of Business, December 31, 1948

Item (x) (Average per store)	OWNED STORES			
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (\$20,000 and Over)
<u>Assets</u>	\$	\$	\$	\$
Current assets:				
Cash on hand or in bank	3,231	5,570	12,082	6,502
Net accounts receivable	895	3,533	3,512	2,480
Merchandise inventory	13,899	19,436	44,916	24,519
Other current assets	477	2,756	5,783	2,717
Total current assets	18,502	31,295	66,293	36,218
Net fixed assets	6,394	15,943	28,871	15,848
Other assets	747	1,671	2,851	1,641
Total assets	25,643	48,909	98,015	53,707
<u>Liabilities and Net Worth:</u>				
Current liabilities	6,179	13,669	25,424	14,055
Other liabilities	792	4,423	2,187	2,344
Total liabilities	6,971	18,092	27,611	16,399
Net Worth	18,672	30,817	70,404	37,308
Total Liabilities and Net Worth	25,643	48,909	98,015	53,707
Sales	36,398	72,853	164,756	84,660
Net Profit	4,699	8,121	20,011	10,158
<u>Ratios:</u>				
Current assets to current liabilities ..	2.99	2.29	2.61	2.58
Current assets to fixed assets	2.89	1.96	2.30	2.29
Net quick assets to net worth .....	.66	.49	.58	.57
Liabilities to net worth .....	.37	.59	.39	.44
Sales to net worth	1.95	2.37	2.34	2.27
Sales to fixed assets	5.69	4.57	5.71	5.34
Net profit to net worth .....	.25	.26	.28	.27

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

Table 5.--Men's Clothing Stores - Rented - Financial Structure of Unincorporated Stores
by Size and Age of Business December 31, 1948

Item (★) (Average per store)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 & Over			Total all Sizes (\$20,000 & over)
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	
<u>Assets</u>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets:										
Cash on hand or in bank	3,673	1,865	2,587	3,703	4,895	4,599	4,971	15,713	10,222	4,946
Net accounts receivable	988	259	453	1,402	2,446	2,007	6,628	3,217	4,735	1,937
Merchandise inventory	13,127	12,609	12,480	21,706	19,276	19,888	36,784	41,350	39,118	20,857
Other current assets	276	1,148	924	551	3,242	2,153	2,446	986	1,429	1,496
Total current assets	18,064	15,881	16,444	27,362	29,859	28,647	50,829	61,266	55,504	29,236
Net fixed assets	2,501	837	1,287	4,476	1,753	2,552	3,588	3,608	3,751	2,282
Other assets	590	554	567	1,475	723	886	2,583	4,557	3,148	1,227
Total assets	21,155	17,272	18,298	33,313	32,335	32,085	57,000	69,431	62,403	32,745
<u>Liabilities and Net Worth:</u>										
Current liabilities	6,618	5,648	5,724	12,975	11,051	11,812	21,259	12,134	16,061	10,195
Other liabilities	140	341	263	1,938	1,056	1,313	1,011	2,800	1,731	968
Total liabilities	6,758	5,989	5,987	14,913	12,107	13,125	22,270	14,934	17,792	11,163
Net Worth	14,397	11,283	12,311	18,400	20,228	18,960	34,730	54,497	44,611	21,582
Total Liabilities and Net Worth.	21,155	17,272	18,298	33,313	32,335	32,085	57,000	69,431	62,403	32,745
Sales	33,965	35,047	34,518	71,248	69,750	69,718	129,002	153,887	141,170	70,160
Net Profit	4,215	4,349	4,284	8,172	8,000	7,997	15,029	17,928	16,446	8,234
<u>Ratios:</u>										
Current assets to current liabilities	2.73	2.81	2.87	2.11	2.70	2.43	2.39	5.05	3.46	2.87
Current assets to fixed assets	7.22	18.96	12.78	6.11	17.03	11.23	14.17	16.98	14.80	12.81
Net quick assets to net worth.	.80	.91	.87	.78	.93	.89	.85	.90	.88	.88
Liabilities to net worth .....	.47	.53	.49	.81	.60	.69	.64	.27	.40	.52
Sales to net worth	2.36	3.11	2.80	3.87	3.45	3.68	3.71	2.82	3.16	3.25
Sales to fixed assets	13.58	41.87	26.82	15.92	39.79	27.32	35.95	42.65	37.64	30.74
Net profit to net worth .....	.29	.39	.35	.44	.40	.42	.43	.33	.37	.38

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

Table 6.--Men's Clothing Stores - Financial Structure of
Incorporated Firms, December 31, 1948

Item (x) (Average per store)	OWNED	RENTED		
	Total	\$50,000 to \$99,999	\$100,000 and Over	Total
<u>Assets</u>	\$	\$	\$	\$
Current assets:				
Cash on hand or in bank	8,530	4,915	19,450	12,230
Net accounts receivable	6,894	1,296	10,146	5,860
Merchandise inventory	36,017	26,902	50,987	38,997
Other current assets	9,414	2,951	5,629	4,191
Total current assets	60,855	36,064	86,212	61,278
Net fixed assets	23,601	1,952	3,701	2,900
Other assets	5,550	871	4,703	2,889
Total assets	90,006	38,887	94,616	67,067
<u>Liabilities and Net Worth:</u>				
Current liabilities	19,509	13,682	25,369	19,391
Other liabilities	14,121	2,587	5,853	4,233
Total liabilities	33,630	16,269	31,222	23,624
Net Worth:				
Capital	23,690	8,757	20,831	14,829
Surplus	32,686	13,861	42,563	28,614
Total net worth	56,376	22,618	63,394	43,443
Total Liabilities and Net Worth ...	90,006	38,887	94,616	67,067
Sales	137,834	77,339	213,711	146,081
Net Profit	7,346	3,418	15,430	9,714
<u>Ratios:</u>				
Current assets to current liabilities	3.12	2.64	3.40	3.16
Current assets to fixed assets ..	2.58	18.48	23.29	21.13
Net quick assets to net worth ...	.73	.99	.96	.96
Liabilities to net worth .....	.60	.72	.49	.54
Sales to capital	5.82	8.83	10.26	9.85
Sales to fixed assets	5.84	39.62	57.74	50.37
Net profit to net worth .....	.13	.15	.24	.22

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

2. WOMEN'S READY-TO-WEAR STORES

Stores classified as women's ready-to-wear deal principally in women's coats, suits and dresses, with or without related lines of accessories. Specialty stores such as hosiery shops, millinery stores and furriers are not included in this study.

Reports suitable for tabulation of profit and loss data were received from 467 unincorporated firms. These were arranged into five sales-size groups and between owned and rented categories. Only the three largest size classes were used to obtain balance sheet results for which usable reports were received from 279 firms. A sufficient number of reports were received from rented stores to permit a breakdown by age within each size class for balance sheet data.

Incorporated firms submitted 90 reports which could be used for the profit and loss section and all except 4 of these came within the three largest sales-size classes in the rented category. Balance sheet data for 59 of these reports were completed satisfactorily and were used to produce the results shown.

Some of the more important points in the operations and financial structure of women's clothing stores in 1948 are summarized as follows:

1. Both unincorporated and incorporated stores operated on smaller gross profits during 1948 than in previous years. Incorporated firms spent a greater proportion on expenses than in 1945 or 1946 to net a profit of 5.1 per cent of sales compared to one of 7.3 in 1945 and 6.2 in 1946. Unincorporated firms were able to reduce their operating expenses but not sufficiently to balance the smaller gross profit of 1948. Net profit was 10.4 per cent compared to 11.5 in 1945 and 10.9 in 1946. (Table 7, page 26.)
2. In 1948, unincorporated women's clothing stores showed no definite trends in gross or net profit over the five size ranges. Occupancy costs and store supplies were proportionately smaller in the larger sized businesses while salaries and advertising expenses showed marked increases with expanding dollar volume of sales. (Table 8, page 28.)
3. Incorporated firms obtained wider gross margins or profits than did unincorporated stores but paid more in operating expenses. Excluding salaries, which are not comparable, expenses of incorporated stores in the three largest sized rented categories ranged from 9.94 per cent of net sales to 13.25 per cent. In unincorporated stores, comparable expenses were from 8.20 to 9.24 per cent of net sales. (Table 9, page 29.)

4. In the owned group of unincorporated stores the largest sized class had the greatest current ratio, and a greater proportion of assets as current than the smaller sized stores. For every \$1 of net worth proprietors of businesses operating from owned premises had .51¢ net worth, ranging from .58¢ in the largest to .45¢ in the smallest sized group. The largest sized group also made better utilization of fixed asset investment, producing \$6.15 sales per \$1 invested compared to \$3.59 and \$2.91 in the middle and smallest sized categories. (Table 10, page 30.)
5. Unincorporated rented stores had more than twice as much current assets as current liabilities at the end of 1948. All groups in the rented class were above an average ratio of 2 with older businesses generally in a more favourable position than those with less than 10 years operations. (Table 11, page 31.)
6. Incorporated firms in the rented class held \$2.61 current assets for every \$1 current liability at the end of 1948, and .80¢ of every \$1 net worth was free from current obligation. The largest sized stores produced more sales per \$1 of capital investment than did the smaller classes and also made better use of their fixed assets. The proportion of surplus accumulated by the larger stores far exceeded that of the smaller sized stores. (Table 12, page 32.)

Table 7. - Operating Results of Women's Ready-to-Wear, 1945, 1946-1948

Item	Incorporated			Unincorporated		
	1945	1946	1948	1945	1946	1948
Number of stores reporting .	120	118	90	583	584	467
Average net sales \$	123,592	105,493	124,756	36,618	38,705	51,868
Gross profit	30.5	29.2	28.5	27.7	27.1	25.8
Operating expenses:						
Employees' salaries	12.7	13.1	13.3	6.9	6.9	6.6
Occupancy	5.2	4.9	5.0	4.8	4.7	4.6
Store supplies	0.7	0.8	0.7	0.9	0.8	0.6
Advertising	1.7	1.3	1.4	0.7	0.7	0.8
All other expenses	2.9	2.9	3.0	2.9	3.1	2.8
Total operating expenses ...	23.2	23.0	23.4	16.2	16.2	15.4
Net profit before deduction of income tax (a)	7.3	6.2	5.1	11.5	10.9	10.4

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

OPERATING RESULTS OF WOMAN'S CLOTHING STORES, 1948

BY AMOUNT OF ANNUAL SALES

% OF
NET SALES

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

% OF
NET SALES

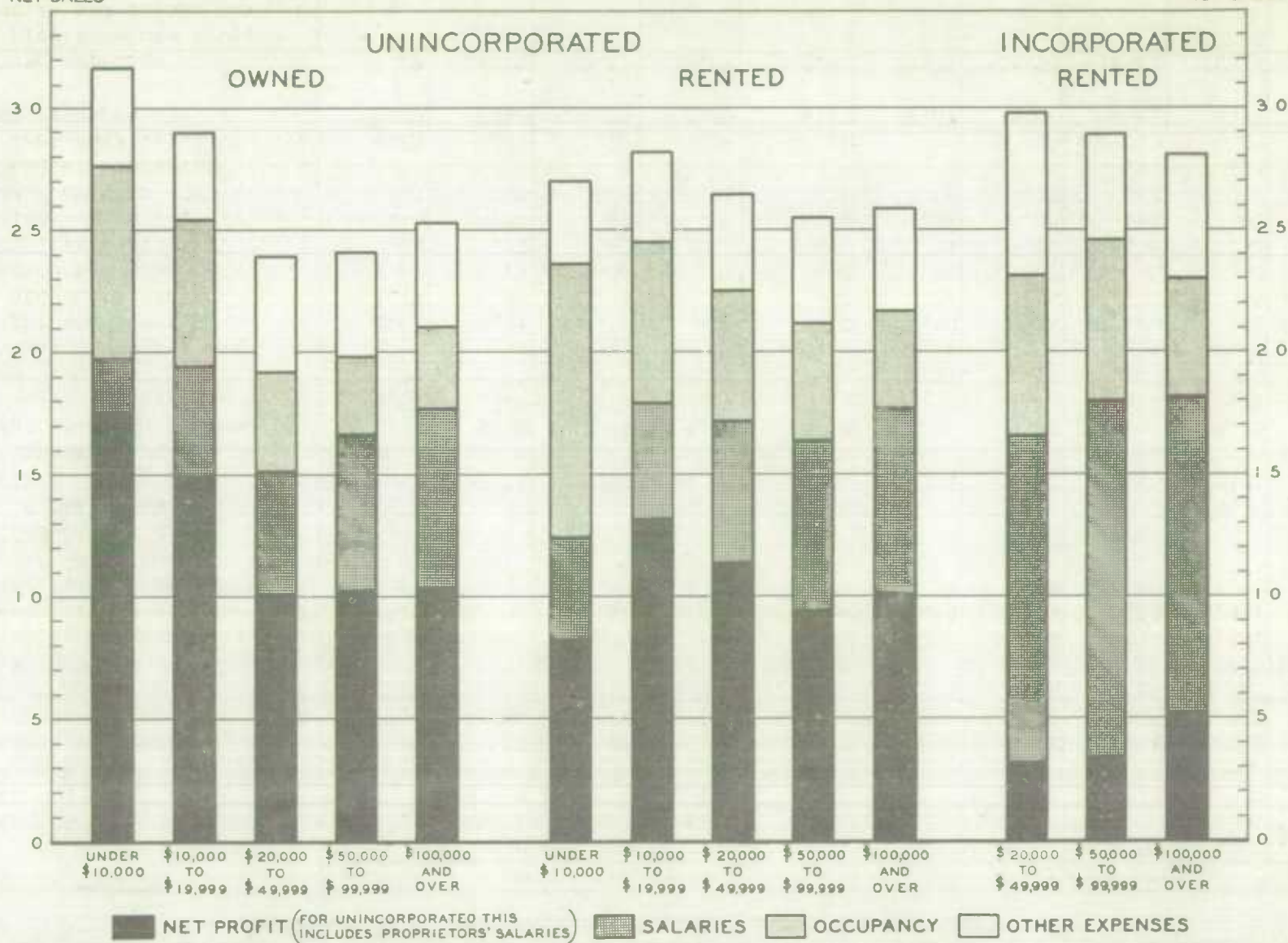


CHART 3.

Table 8.--Women's Ready-to-Wear Stores - Operating Results of Unincorporated Stores Classified
According to Annual Sales Volume and Occupancy Basis, 1948

20

Item	OWNED STORES					RENTED STORES				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	13	19	43	18	10	9	53	154	108	40
Average net sales per store \$	6,714	14,064	30,902	70,842	138,856	7,384	15,071	33,937	70,086	155,365
Average cost of goods sold \$	4,588	9,985	23,518	53,776	103,736	5,395	10,826	24,960	52,188	115,134
Average beginning inventory \$	2,560	3,530	6,589	12,157	15,336	2,205	3,567	6,324	10,224	14,508
Average inventory, end of year .. \$	2,912	3,978	7,751	13,529	18,822	2,042	4,114	7,532	11,931	18,046
Stock turnover (times per year) ...	1.68	2.66	3.28	4.19	6.07	2.54	2.82	3.60	4.71	7.07
PROFIT AND LOSS DATA										
(Per cent of net sales)										
Gross profit	31.66	29.01	23.89	24.09	25.29	26.95	28.16	26.45	25.54	25.89
Operating expenses:										
Employees' salaries and wages ..	2.17	4.48	4.57	6.44	7.44	4.16	4.72	5.87	6.95	7.61
Taxes	2.53	1.20	.98	.54	.64	.65	.36	.30	.26	.24
Insurance .....	.94	.81	.51	.51	.54	.56	.36	.40	.38	.40
Rent	-	-	-	-	-	7.18	3.97	3.04	2.69	2.13
Heat, light and power	2.01	1.84	.98	.75	.60	1.40	.96	.60	.45	.36
Repairs and maintenance	1.19	.96	.79	.61	.80	.82	.44	.52	.49	.37
Depreciation allowances	1.20	1.15	.84	.81	.68	.54	.47	.45	.49	.47
Store supplies .....	.60	.90	.69	.61	.44	.74	.60	.55	.62	.54
Advertising .....	.35	.33	.41	.76	1.09	.34	.35	.64	.81	1.09
Bad debts - written off .....	.26	.08	.09	.04	.11	-	.10	.14	.11	.21
(Less) amount recovered	-	-	-	-	-	-	-	.01	.02	-
Net bad debt loss .....	.26	.08	.09	.04	.11	-	.10	.13	.09	.21
All other expenses	2.93	2.40	3.54	2.80	2.67	2.37	2.60	2.61	2.91	2.39
Total operating expenses	14.18	14.15	13.40	13.87	15.01	18.76	14.93	15.11	16.14	15.81
Net trading profit before proprie- tors' salaries and income tax deduction	17.48	14.86	10.49	10.22	10.28	8.19	13.23	11.34	9.40	10.08

Table 9.--Women's Ready-to-Wear Stores - Operating Results of Incorporated and Unincorporated Rented Stores Compared, 1948

Item	Incorporated			Unincorporated		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	16	32	38	154	108	40
Average net sales per store \$	36,475	74,747	184,170	33,937	70,086	155,365
Average cost of goods sold \$	25,621	53,143	132,350	24,960	52,188	115,134
Average beginning inventory \$	7,211	9,620	18,199	6,324	10,224	14,508
Average inventory, end of year .. \$	8,227	11,150	19,825	7,532	11,931	18,046
Stock turnover (times per year) ...	3.32	5.12	6.96	3.60	4.71	7.07
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	29.76	28.90	28.14	26.45	25.54	25.89
Operating expenses:						
Employees' salaries and wages ..	13.35	14.57	13.03	5.87	6.95	7.61
Taxes .....	.38	.59	.39	.30	.26	.24
Insurance .....	.48	.50	.34	.40	.38	.40
Rent	4.25	3.89	2.74	3.04	2.69	2.13
Heat, light and power .....	.75	.47	.39	.60	.45	.36
Repairs and maintenance .....	.34	.36	.39	.52	.49	.37
Depreciation allowances .....	.36	.81	.51	.45	.49	.47
Store supplies .....	.63	.70	.70	.55	.62	.54
Advertising .....	.79	.99	1.53	.64	.81	1.09
Bad debts - written off .....	.27	.12	.17	.14	.11	.21
(Less) amount recovered	-	-	.02	.01	.02	-
Net bad debt loss .....	.27	.12	.15	.13	.09	.21
All other expenses	5.00	2.46	2.80	2.61	2.91	2.39
Total operating expenses	26.60	25.46	22.97	15.11	16.14	15.81
Net trading profit before proprie- tors' salaries and income tax deduction (a)	3.16	3.44	5.17	11.34	9.40	10.08

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

Table 10.--Women's Ready-to-Wear Stores - Owned - Financial Structure of
Unincorporated Stores by Size of Business, December 31, 1948

Item (X) (Average per store)	OWNED STORES			
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (\$20,000 and Over)
	\$	\$	\$	\$
<u>Assets</u>				
Current assets:				
Cash on hand or in bank	2,568	2,567	7,346	3,458
Net accounts receivable	734	2,433	6,919	2,406
Merchandise inventory	7,425	14,443	18,767	11,681
Other current assets	1,486	1,664	4,586	2,118
Total current assets	12,213	21,107	37,618	19,663
Net fixed assets	10,558	18,550	20,373	14,826
Other assets	1,266	256	2,138	1,120
Total assets	24,037	39,913	60,129	35,609
<u>Liabilities and Net Worth:</u>				
Current liabilities	5,484	10,778	10,853	8,100
Other liabilities	3,560	7,857	3,419	4,845
Total liabilities	9,044	18,635	14,272	12,945
Net Worth	14,993	21,278	45,857	22,664
Total Liabilities and Net Worth	24,037	39,913	60,129	35,609
Sales	30,747	66,541	125,361	59,307
Net Profit	3,225	6,801	12,887	6,117
<u>Ratios:</u>				
Current assets to current liabilities ..	2.23	1.96	3.47	2.43
Current assets to fixed assets	1.16	1.14	1.85	1.33
Net quick assets to net worth .....	.45	.49	.58	.51
Liabilities to net worth .....	.60	.88	.31	.57
Sales to net worth	2.05	3.13	2.73	2.62
Sales to fixed assets	2.91	3.59	6.15	4.00
Net profit to net worth .....	.22	.32	.28	.27

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

Table 11.--Women's Ready-to-Wear Stores - Rented - Financial Structure of Unincorporated
Stores by Size and Age of Business December 31, 1948

Item (x) (Average per store)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 & Over			Total all Sizes (\$20,000 & over)
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	
<u>Assets</u>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets:										
Cash on hand or in bank	2,419	1,866	1,984	4,415	3,952	4,399	12,104	14,078	13,354	4,511
Net accounts receivable	1,954	849	1,223	2,254	2,868	2,550	3,023	9,077	6,857	2,528
Merchandise inventory	7,077	7,074	7,307	13,399	11,495	11,454	22,499	13,874	17,037	10,312
Other current assets	1,078	1,226	1,290	946	1,615	1,574	595	321	421	1,286
Total current assets	12,528	11,015	11,804	21,014	19,930	19,977	38,221	37,350	37,669	18,637
Net fixed assets	1,510	1,361	1,362	2,146	1,484	1,710	3,147	3,121	3,131	1,744
Other assets	303	454	371	2,250	988	1,333	2,700	3,595	3,267	1,155
Total assets	14,341	12,830	13,537	25,410	22,402	23,020	44,068	44,066	44,067	21,536
<u>Liabilities and Net Worth:</u>										
Current liabilities	4,671	2,795	3,518	8,776	8,394	8,182	15,457	13,186	14,019	6,837
Other liabilities	317	1,015	905	1,413	1,176	1,148	920	481	642	967
Total liabilities	4,988	3,810	4,423	10,189	9,570	9,330	16,377	13,667	14,661	7,804
Net Worth	9,353	9,020	9,114	15,221	12,832	13,690	27,691	30,399	29,406	13,732
Total Liabilities and Net Worth.	14,341	12,830	13,537	25,410	22,402	23,020	44,068	44,066	44,067	21,536
Sales	35,397	32,044	32,776	69,685	72,019	70,104	135,928	144,089	141,097	62,648
Net Profit	4,014	3,634	3,717	6,550	6,770	6,590	13,702	14,524	14,223	6,312
<u>Ratios:</u>										
Current assets to current liabilities	2.68	3.94	3.36	2.39	2.37	2.44	2.47	2.83	2.69	2.73
Current assets to fixed assets	8.30	8.09	8.67	9.79	13.43	11.68	12.15	11.97	12.03	10.69
Net quick assets to net worth.	.84	.91	.91	.80	.90	.86	.82	.79	.80	.86
Liabilities to net worth .....	.53	.42	.49	.67	.75	.68	.59	.45	.50	.57
Sales to net worth	3.78	3.55	3.60	4.58	5.61	5.12	4.91	4.74	4.80	4.56
Sales to fixed assets	23.44	23.54	24.06	32.47	48.53	41.00	43.19	46.17	45.06	35.93
Net profit to net worth .....	.43	.40	.41	.43	.53	.48	.49	.48	.48	.46

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

Table 12.--Women's Ready-to-Wear Stores - Financial Structure of Incorporated
Rented Stores by Size of Business, December 31, 1948

Item (x) (Average per store)	RENTED STORES			
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (20,000 and Over)
Assets	\$	\$	\$	\$
Current assets:				
Cash on hand or in bank	1,873	5,251	9,778	6,942
Net accounts receivable	1,523	3,559	7,970	5,376
Merchandise inventory	8,596	11,905	19,482	15,052
Other current assets	687	2,726	4,912	3,487
Total current assets	12,679	23,441	42,142	30,857
Net fixed assets	937	3,542	4,171	3,487
Other assets	1,069	3,094	4,433	3,455
Total assets	14,685	30,077	50,746	37,799
Liabilities and Net Worth:				
Current liabilities	5,673	8,736	16,087	11,810
Other liabilities	2,201	2,450	2,088	2,244
Total liabilities	7,874	11,186	18,175	14,054
Net Worth:				
Capital	4,088	9,045	10,066	8,857
Surplus	2,723	9,846	22,505	14,886
Total net worth	6,811	18,891	32,571	23,745
Total Liabilities and Net Worth	14,685	30,077	50,746	37,799
Sales	34,413	75,381	163,015	111,415
Net Profit	1,087	2,593	8,428	5,158
Ratios:				
Current assets to current liabilities ..	2.23	2.68	2.62	2.61
Current assets to fixed assets	13.54	6.62	10.10	8.85
Net quick assets to net worth	1.03	.78	.80	.80
Liabilities to net worth	1.16	.59	.56	.59
Sales to capital	8.42	8.33	16.19	12.58
Sales to fixed assets	36.73	21.28	39.08	31.95
Net profit to net worth .....	.16	.14	.26	.22

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

3. FAMILY CLOTHING STORES

These stores, as implied by the name, sell a general line of men's, women's and children's clothing and furnishings. Other goods which may be sold are notions, piece goods, house furnishings etc. but these must not form a large part of the business.

Reports satisfactorily completed for profit and loss data were received from 356 unincorporated firms. These were sorted into five sales-size groups for both owned and rented stores. Too few reports in the under \$10,000 owned class were received to permit publication of results. Balance sheet data were completed by fewer firms and was tabulated only for the three largest size classes. A sufficient number of reports were received to allow a breakdown by age of business in two size categories of rented stores and in the smallest size of owned stores. Firms giving no age were included in the size class total but not in either age group. The number of reports in the three sales-size classes submitting satisfactory balance sheet data was 223.

Incorporated firms contributed 52 usable reports for profit and loss data which were mostly in the rented class. To best present the results of these firms, a slight change was made in the sales-size ranges. Balance sheet data were contributed by too few firms to warrant publication of 'average' results.

The operating results for 1948 and the financial structure at the end of the year are summarized below:

1. In 1948, both incorporated and unincorporated family clothing stores obtained smaller gross and net profits in proportion to net sales than in previous years. Incorporated firms spent proportionately more on salaries, occupancy and advertising in 1948, while unincorporated firms showed little change in expense ratios from 1945 and 1946. The average dollar volume of business increased considerably in both types of store. (Table 13, page 34.)
2. In comparing the different sales-size categories in 1948 no definite trend occurred in gross profit. Net profit, however, decreased in ratio to sales as size of business increased. This same downward trend in ratio to sales is seen in the occupancy expense items of taxes, insurance, rent, light, heat and power, and in store supplies. Repairs and maintenance and depreciation decreased with size in owned stores but generally increased in ratio in rented stores as volume of business expanded. On the other hand, the items of salaries, advertising and bad debt losses increased considerably in ratio from the smallest to the largest size class. (Table 14, page 36.)

3. During 1948 the rate of stock turnover increased with sales volume ranging from 1.23 times per year in the smallest to 3.69 times in the largest stores. With one exception the average inventory held at the end of the year was greater in dollar volume than that held at the beginning of the year. (Table 14, page 36.)
4. Owned stores of the unincorporated type had a favourable current ratio. To meet every dollar of current obligation the average owned family clothing store had \$2.95 of current assets. In the size range from \$20,000 to \$49,999 businesses in operation for 10 years or more held a more favourable position in this current ratio, than did those under 10 years. They had less assets tied up in fixed investment; had a greater proportion of net worth in the form of quick assets free from obligation and had less liabilities in relation to net worth than did firms with less than 10 years operation.

The largest size class produced \$7.66 sales for every \$1 invested in fixed assets as compared with \$4.65 and \$4.74 for the two smaller size groups. They also transacted more business per \$1 of net worth or equity in the business. (Table 16, page 38.)

5. The owners of businesses in rented premises also had favourable current ratios at the end of 1948. All age and size groups were above a ratio of 2 and had from \$2.31 to \$3.22 current assets to meet every \$1 of current liability.

In nearly all points of financial structure, businesses in operation 10 years or more were in a more favourable position than those with less than 10 years business experience. (Table 17, page 39.)

Table 13. - Operating Results of Family Clothing Stores - 1945, 1946-1948

Item	Incorporated			Unincorporated		
	1945	1946	1948	1945	1946	1948
Number of stores reporting .	49	50	52	461	469	356
Average net sales \$	225,398	264,178	287,758	49,709	54,053	62,539
Gross profit	29.1	29.3	28.8	24.8	23.8	23.3
Operating expenses:						
Employees' salaries	12.4	12.3	12.8	6.1	5.9	6.0
Occupancy	4.0	3.7	4.3	3.6	3.5	3.6
Store supplies	0.9	0.8	0.7	0.6	0.7	0.5
Advertising	1.6	1.7	2.0	0.5	0.6	0.8
All other expenses	2.4	2.5	3.0	2.5	2.4	2.4
Total operating expenses ...	21.3	21.0	22.8	13.3	13.1	13.3
Net profit before deduction of income tax (a)	7.8	8.3	6.0	11.5	10.7	10.0

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

OPERATING RESULTS OF FAMILY CLOTHING STORES, 1948

BY AMOUNT OF ANNUAL SALES

% OF
NET SALES

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

% OF
NET SALES

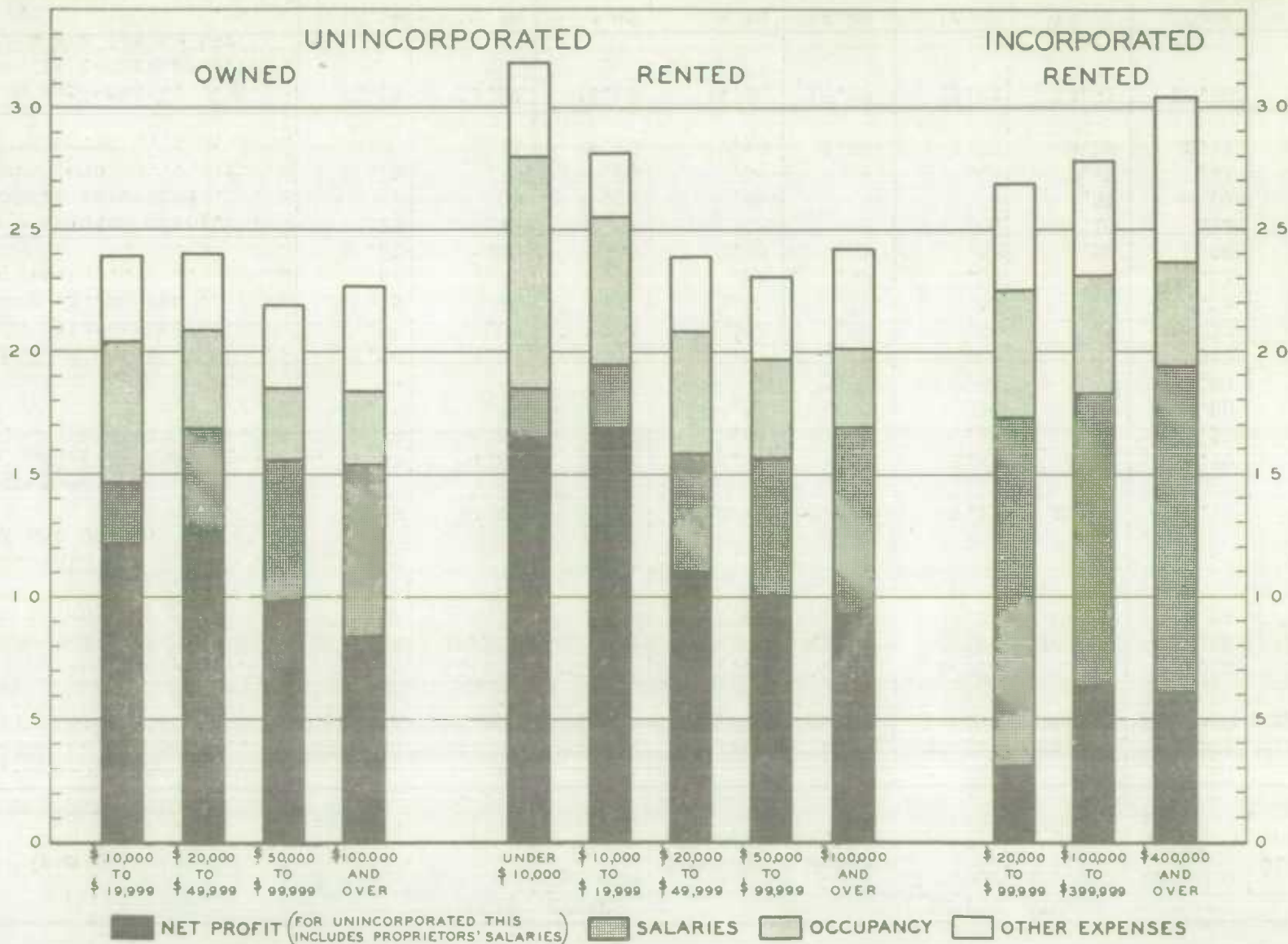


CHART 4.

**Table 14.--Family Clothing Stores - Operating Results of Unincorporated Stores Classified
According to Annual Sales Volume and Occupancy Basis, 1948**

Item	OWNED STORES				RENTED STORES				
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	17	67	38	28	9	24	80	63	24
Average net sales per store \$	15,426	34,168	71,868	195,244	7,440	14,602	34,243	66,324	172,532
Average cost of goods sold \$	11,742	25,984	56,157	150,980	5,076	10,492	26,053	50,990	130,861
Average beginning inventory \$	7,666	11,689	21,287	40,043	3,935	5,528	11,218	19,562	33,561
Average inventory, end of year .. \$	7,489	13,100	22,962	47,107	4,307	6,139	13,068	21,125	37,416
Stock turnover (times per year) ...	1.55	2.10	2.54	3.46	1.23	1.80	2.15	2.51	3.69
PROFIT AND LOSS DATA									
(Per cent of net sales)									
Gross profit	23.88	23.95	21.86	22.67	31.77	28.15	23.92	23.12	24.15
Operating expenses:									
Employees' salaries and wages .	2.53	4.27	5.66	6.96	1.95	2.61	4.92	5.70	7.58
Taxes	1.18	.84	.53	.56	.84	.36	.38	.31	.28
Insurance .....	.90	.74	.51	.55	.87	.55	.53	.50	.44
Rent	-	-	-	-	5.83	3.54	2.59	1.83	1.38
Heat, light and power	1.50	.94	.67	.57	1.68	.88	.67	.59	.33
Repairs and maintenance .....	.99	.58	.53	.52	.22	.28	.39	.37	.41
Depreciation allowances	1.15	.86	.70	.76	.10	.36	.32	.35	.37
Store supplies .....	.61	.51	.48	.55	.99	.54	.44	.51	.49
Advertising .....	.30	.38	.52	1.03	.25	.23	.52	.68	1.14
Bad debts - written off .....	.15	.12	.17	.33	-	.05	.16	.12	.86
(Less) amount recovered	-	.02	.01	.03	-	-	.01	.01	.27
Net bad debt loss .....	.15	.10	.16	.30	-	.05	.15	.11	.59
All other expenses	2.38	2.15	2.25	2.48	2.56	1.82	2.00	2.13	1.88
Total operating expenses	11.69	11.37	12.01	14.28	15.29	11.22	12.91	13.08	14.89
Net trading profit before proprie- tors' salaries and income tax deduction	12.19	12.58	9.85	8.39	16.48	16.93	11.01	10.04	9.26

**Table 15.--Family Clothing Stores - Operating Results of Incorporated Stores
by Annual Sales Volume and Occupancy Basis, 1948**

Item	OWNED	RENTED		
	\$100,000 and Over	\$20,000 to \$99,999	\$100,000 to \$399,999	\$400,000 and Over
Number of stores reporting	7	8	26	11
Average net sales per store \$	306,039	53,677	207,373	636,367
Average cost of goods sold \$	225,983	39,217	149,725	442,785
Average beginning inventory \$	65,179	19,027	47,685	113,271
Average inventory, end of year \$	67,700	21,788	50,000	133,875
Stock turnover (times per year)	3.40	1.92	3.07	3.58
PROFIT AND LOSS DATA				
(Per cent of net sales)				
Gross profit	26.16	26.94	27.80	30.42
Operating expenses:				
Employees' salaries and wages	12.72	14.23	11.93	13.34
Taxes .....	.66	.60	.37	.35
Insurance .....	.35	.61	.43	.32
Rent	-	2.29	2.42	1.92
Heat, light and power .....	.49	.77	.55	.36
Repairs and maintenance	1.06	.60	.45	.75
Depreciation allowances .....	.61	.33	.56	.63
Store supplies .....	.74	.72	.59	.71
Advertising	1.49	.61	1.54	2.48
Bad debts - written off .....	.61	.09	.52	.91
(Less) amount recovered .....	.13	-	.23	.32
Net bad debt loss .....	.48	.09	.29	.59
All other expenses	2.76	3.04	2.24	2.89
Total operating expenses	21.36	23.89	21.37	24.34
Net trading profit before income tax deduction	4.80	3.05	6.43	6.08

Table 16.--Family Clothing Stores - Owned - Financial Structure of Unincorporated Stores
by Size and Age of Business, December 31, 1948

Item (⌘) (Average per store)	\$20,000 - \$49,999			\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (\$20,000 and Over)
	Under 10 years	10 years & over	Total			
<u>Assets</u>	\$	\$	\$	\$	\$	\$
Current assets:						
Cash on hand or in bank	856	2,790	2,238	5,140	9,167	4,654
Net accounts receivable	2,058	785	1,149	3,222	7,634	3,221
Merchandise inventory	11,072	13,360	12,706	22,152	44,192	22,584
Other current assets	267	451	398	1,407	7,327	2,257
Total current assets	14,253	17,386	16,491	31,921	68,320	32,716
Net fixed assets	8,653	6,733	7,281	15,193	23,552	13,277
Other assets	82	669	502	900	4,293	1,474
Total assets	22,988	24,788	24,274	48,014	96,165	47,467
<u>Liabilities and Net Worth:</u>						
Current liabilities	6,395	5,802	5,972	8,118	25,808	11,076
Other liabilities	1,336	607	815	5,075	9,826	4,100
Total liabilities	7,731	6,409	6,787	13,193	35,634	15,176
Net Worth	15,257	18,379	17,487	34,821	60,531	32,291
Total Liabilities and Net Worth	22,988	24,788	24,274	48,014	96,165	47,467
Sales	33,429	34,971	34,531	70,595	180,503	78,053
Net Profit	4,205	4,399	4,344	6,954	15,144	7,547
<u>Ratios:</u>						
Current assets to current liabilities ..	2.23	3.00	2.76	3.93	2.65	2.95
Current assets to fixed assets	1.65	2.58	2.26	2.10	2.90	2.46
Net quick assets to net worth .....	.52	.63	.60	.68	.70	.67
Liabilities to net worth .....	.51	.35	.39	.38	.59	.47
Sales to net worth	2.19	1.90	1.97	2.03	2.98	2.42
Sales to fixed assets	3.86	5.19	4.74	4.65	7.66	5.88
Net profit to net worth .....	.28	.24	.25	.20	.25	.23

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

Table 17.--Family Clothing Stores - Rented - Financial Structure of Unincorporated Stores
by Size and Age of Business, December 31, 1948

Item (☞) (Average per store)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and Over	Total all Sizes (\$20,000 and Over)
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total		
<u>Assets</u>	\$	\$	\$	\$	\$	\$	\$	\$
Current assets:								
Cash on hand or in bank	2,057	3,491	3,158	3,552	2,841	3,076	5,808	3,499
Net accounts receivable	2,881	1,252	1,630	2,746	2,338	2,474	11,549	3,359
Merchandise inventory	13,825	13,470	13,553	20,301	21,478	21,086	36,257	19,731
Other current assets	995	919	936	898	1,616	1,377	670	1,073
Total current assets	19,758	19,132	19,277	27,497	28,273	28,015	54,284	27,662
Net fixed assets	1,763	634	896	1,823	1,669	1,720	2,763	1,485
Other assets	-	200	154	1,140	1,305	1,250	8,707	1,790
Total assets	21,521	19,966	20,327	30,460	31,247	30,985	65,754	30,937
<u>Liabilities and Net Worth:</u>								
Current liabilities	6,825	5,998	6,190	10,802	8,780	9,454	23,498	9,916
Other liabilities	2,101	709	1,032	733	1,198	1,043	3,585	1,395
Total liabilities	8,926	6,707	7,222	11,535	9,978	10,497	27,083	11,311
Net Worth	12,595	13,259	13,105	18,925	21,269	20,488	38,671	19,626
Total Liabilities and Net Worth	21,521	19,966	20,327	30,460	31,247	30,985	65,754	30,937
Sales	28,260	33,783	32,501	70,698	66,644	67,995	168,551	65,696
Net Profit	3,111	3,720	3,578	7,098	6,691	6,827	15,608	6,557
<u>Ratios:</u>								
Current assets to current liabilities .	2.90	3.19	3.11	2.55	3.22	2.96	2.31	2.79
Current assets to fixed assets	11.21	30.18	21.52	15.08	16.94	16.29	19.65	18.63
Net quick assets to net worth	1.03	.99	1.00	.88	.92	.91	.80	.90
Liabilities to net worth .....	.71	.51	.55	.61	.47	.51	.70	.58
Sales to net worth	2.24	2.55	2.48	3.74	3.13	3.32	4.36	3.35
Sales to fixed assets	16.03	53.29	36.27	38.78	39.93	39.53	61.00	44.24
Net profit to net worth .....	.25	.28	.27	.38	.31	.33	.40	.33

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

4. FAMILY SHOE STORES

Family shoe stores exclude specialized stores selling only ladies' or men's shoes. While other merchandise such as luggage and other leather goods may be sold, footwear must form the bulk of the business for a store to be classified as a shoe outlet.

A total of 258 reports satisfactorily completed as to profit and loss were received from unincorporated firms. These were placed in five sales-size classes for owned and rented stores for tabulation. There were too few owned stores with sales of \$100,000 or over and too few rented stores with sales less than \$10,000 to permit publication of results. Balance sheet data were tabulated only for the three largest sized classes for which 156 usable reports were received. There were sufficient of these in the rented class with sales from \$20,000 to \$49,999 to permit a further breakdown by age of business for presentation of balance sheet data.

Incorporated firms to the number of 40 submitted reports suitable for 'profit and loss' tabulation. Of these, 20 completed the balance sheet data properly for which results are shown for two size classes of rented stores.

The operating results for the year and financial structure of retail shoe stores at the end of 1948 are summarized below:

1. In common with other clothing stores, net profits in 1948 decreased in ratio to net sales from previous years. In 1948, gross profits were smaller in unincorporated firms but rose slightly from the 1945 and 1946 ratios in incorporated businesses. Incorporated firms obtained greater average gross profits in 1948 (32.1 per cent of sales) than did unincorporated (26.5 per cent) but paid more out as expenses. (Table 18, page 41.)
2. In 1948, no consistent trend by size classification was evident in either the gross or net profit of unincorporated shoe stores. Salaries, and advertising expense increased in proportion as the volume of business became greater and occupancy and other expenses generally decreased in ratio with increased sales.

The rate of stock turnover was more rapid in the larger sized stores and ranged from 1.07 times to 2.96 times per year. Each size class in both owned and rented stores had a greater dollar volume of stock on hand at the end of the year than at the beginning. (Table 19, page 43.)

3. At the end of 1948 all size and occupancy categories of unincorporated shoe stores had more than \$2.50 current assets against every \$1 of current liability. Rented stores had an average current ratio of 3.00 and owned stores 3.25. All groups of stores showed more than 50¢ of net quick assets or working capital for every \$1 net worth. This ratio ranged from .53 to .95

In the group where an age split was possible, businesses in operation for 10 years or more had ratios more favourable than those with less than 10 years experience in most features of financial structure. (Table 21, page 45.)

4. Incorporated companies in the rented class averaged almost 5 times as much current assets as current liabilities. For every dollar of net worth they held 8¢ as current assets free from current obligation and only had to allow 28¢ out of every dollar net worth to meet all liabilities. Every \$1 invested as capital produced \$6.95 sales and the same amount of fixed asset investment resulted in \$51.19 sales. Rented stores predominate in the incorporated type of business and too few owned stores in this class reported balance sheet data to permit a tabulation.

In all features of financial structure noted above, the larger sized stores were in a better position than the smaller sized group. (Table 22, page 46.)

Table 18. - Operating Results of Family Shoe Stores - 1945, 1946-1948

Item	Incorporated			Unincorporated		
	1945	1946	1948	1945	1946	1948
Number of stores reporting .	41	36	40	285	302	258
Average net sales \$	97,231	96,416	118,904	41,621	44,867	49,444
Gross profit	31.9	31.8	32.1	27.3	26.8	26.5
Operating expenses:						
Employees' salaries	13.3	14.5	14.4	6.2	6.9	7.0
Occupancy	5.3	5.4	5.6	4.1	4.2	4.4
Store supplies	0.5	0.5	0.4	0.6	0.7	0.5
Advertising	1.4	1.5	2.0	0.6	0.7	1.0
All other expenses	1.9	1.7	2.1	1.9	1.8	2.1
Total operating expenses ...	22.4	23.6	24.5	13.4	14.3	15.0
Net profit before deduction of income tax (a)	9.5	8.2	7.6	13.9	12.5	11.5

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

OPERATING RESULTS OF FAMILY SHOE STORES, 1948 BY AMOUNT OF ANNUAL SALES

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

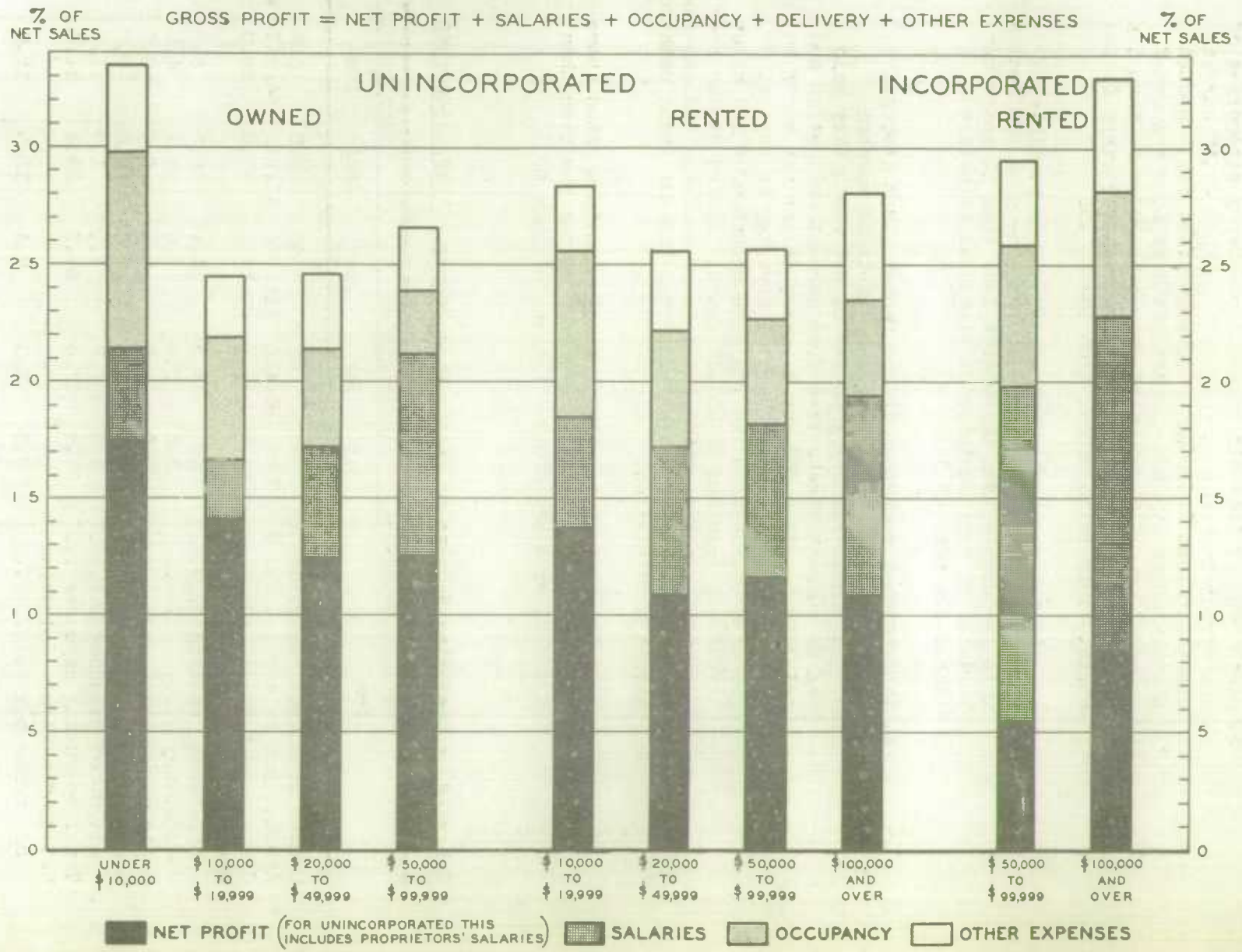


Table 19.--Family Shoe Stores - Operating Results of Unincorporated Stores Classified
According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES				RENTED STORES			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	8	16	26	12	22	88	52	25
Average net sales per store \$	6,747	15,286	27,756	72,889	15,763	32,730	69,204	137,294
Average cost of goods sold \$	4,489	11,548	20,933	53,474	11,285	24,367	51,393	98,715
Average beginning inventory \$	3,937	6,799	10,496	26,197	7,476	12,669	20,650	32,189
Average inventory, end of year .. \$	4,436	7,183	10,937	28,289	8,736	13,317	22,113	34,497
Stock turnover (times per year) ...	1.07	1.65	1.95	1.96	1.39	1.88	2.40	2.96
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	33.46	24.46	24.58	26.64	28.41	25.55	25.74	28.10
Operating expenses:								
Employees' salaries and wages ..	3.98	2.52	4.80	8.66	4.83	6.29	6.62	8.46
Taxes	1.74	.96	1.04	.56	.47	.34	.34	.26
Insurance	1.13	.86	.62	.52	.73	.51	.46	.34
Rent	-	-	-	-	3.89	2.71	2.46	2.17
Heat, light and power	2.91	1.40	.95	.50	.97	.63	.42	.33
Repairs and maintenance	1.01	.89	.68	.41	.56	.47	.35	.40
Depreciation allowances	1.64	1.09	.93	.58	.50	.36	.45	.56
Store supplies .....	.66	.45	.49	.58	.58	.53	.35	.64
Advertising .....	.50	.33	.66	.62	.26	.77	.86	1.44
Bad debts - written off .....	.39	.25	.08	.02	.06	.12	.03	.01
(Less) amount recovered	-	-	-	-	-	-	-	-
Net bad debt loss .....	.39	.25	.08	.02	.06	.12	.03	.01
All other expenses	2.11	1.60	1.96	1.70	1.83	1.97	1.79	2.62
Total operating expenses	16.07	10.35	12.21	14.15	14.68	14.70	14.13	17.23
Net trading profit before proprie- tors' salaries and income tax deduction	17.39	14.11	12.37	12.49	13.73	10.85	11.61	10.87

Table 20.--Family Shoe Stores - Operating Results of Incorporated and
Unincorporated Rented Stores Compared, 1948

Item	Incorporated		Unincorporated	
	\$50,000 to \$99,999	\$100,000 and Over	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	16	21	52	25
Average net sales per store \$	72,571	165,731	69,204	137,294
Average cost of goods sold \$	51,132	110,990	51,393	98,715
Average beginning inventory \$	21,933	39,067	20,650	32,189
Average inventory, end of year \$	22,599	41,867	22,113	34,497
Stock turnover (times per year)	2.30	2.74	2.40	2.96
PROFIT AND LOSS DATA				
(Per cent of net sales)				
Gross profit	29.54	33.03	25.74	28.10
Operating expenses:				
Employees' salaries and wages	14.40	14.44	6.62	8.46
Taxes .....	.39	.60	.34	.26
Insurance .....	.47	.35	.46	.34
Rent	3.80	3.10	2.46	2.17
Heat, light and power .....	.57	.41	.42	.33
Repairs and maintenance .....	.49	.39	.35	.40
Depreciation allowances .....	.33	.52	.45	.56
Store supplies .....	.45	.35	.35	.64
Advertising	1.28	2.29	.86	1.44
Bad debts - written off .....	.04	.04	.03	.01
(Less) amount recovered	-	-	-	-
Net bad debt loss .....	.04	.04	.03	.01
All other expenses	1.91	2.18	1.79	2.62
Total operating expenses	24.13	24.67	14.13	17.23
Net trading profit before income tax deduction (a)	5.41	8.36	11.61	10.87

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

Table 21.--Family Shoe Stores - Financial Structure of Unincorporated Stores
by Size and Occupancy Basis, December 31, 1948

Item (x) (Average per store)	OWNED STORES			RENTED STORES					
	\$20,000 to \$49,999	\$50,000 to \$99,999	Total	\$20,000 + \$49,999		Total	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (\$20,000 and Over)
	Under 10 years	10 years & over							
<u>Assets</u>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets:									
Cash on hand or in bank	1,332	3,794	2,317	1,289	1,927	1,669	3,926	7,553	3,449
Net accounts receivable	608	498	564	488	488	488	928	1,867	875
Merchandise inventory	12,479	28,289	18,803	13,433	13,623	13,547	22,102	34,024	19,974
Other current assets	862	2,601	1,557	1,173	353	684	939	8,166	2,075
Total current assets	15,281	35,182	23,241	16,383	16,391	16,388	27,895	51,610	26,373
Net fixed assets	7,826	9,939	8,672	2,377	2,068	2,193	1,402	4,334	2,303
Other assets	492	2,506	1,297	228	358	305	715	3,501	1,000
Total assets	23,599	47,627	33,210	18,988	18,817	18,886	30,012	59,445	29,676
<u>Liabilities and Net Worth:</u>									
Current liabilities	5,962	8,940	7,153	6,418	4,773	5,436	8,094	19,570	8,790
Other liabilities	100	3,631	1,512	854	1,118	1,012	1,116	701	992
Total liabilities	6,062	12,571	8,665	7,272	5,891	6,448	9,210	20,271	9,782
Net Worth	17,537	35,056	24,545	11,716	12,926	12,438	20,802	39,174	19,894
Total Liabilities and Net Worth ...	23,599	47,627	33,210	18,988	18,817	18,886	30,012	59,445	29,676
Sales	27,886	72,889	45,888	32,918	32,195	32,486	67,192	139,329	62,710
Net Profit	3,450	9,104	5,711	3,572	3,493	3,525	7,801	15,145	6,979
<u>Ratios:</u>									
Current assets to current liabilities	2.56	3.94	3.25	2.55	3.43	3.01	3.45	2.64	3.00
Current assets to fixed assets ..	1.95	3.54	2.68	6.89	7.92	7.47	19.90	11.91	11.45
Net quick assets to net worth ...	.53	.75	.66	.85	.90	.88	.95	.82	.88
Liabilities to net worth .....	.35	.36	.35	.62	.46	.52	.44	.52	.49
Sales to net worth	1.59	2.08	1.87	2.81	2.49	2.61	3.23	3.56	3.15
Sales to fixed assets	3.56	7.33	5.29	13.85	15.57	14.81	47.93	32.15	27.23
Net profit to net worth .....	.20	.26	.23	.30	.27	.28	.38	.39	.35

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

Table 22.--Family Shoe Stores - Financial Structure of Incorporated
Rented Stores by Size, December 31, 1948

Item (x) (Average per store)	RENTED STORES		
	\$50,000 to \$99,999	\$100,000 and Over	Total
<u>Assets</u>	\$	\$	\$
Current assets:			
Cash on hand or in bank	3,549	20,558	12,904
Net accounts receivable	1,024	2,716	1,955
Merchandise inventory	21,384	43,908	33,772
Other current assets	769	8,235	4,875
Total current assets	26,726	75,417	53,506
Net fixed assets	1,450	3,376	2,510
Other assets	3,395	7,175	5,474
Total assets	31,571	85,968	61,490
<u>Liabilities and Net Worth:</u>			
Current liabilities	8,115	13,304	10,969
Other liabilities	285	4,129	2,399
Total liabilities	8,400	17,433	13,368
Net Worth:			
Capital	12,078	23,750	18,498
Surplus	11,093	44,785	29,624
Total net worth	23,171	68,535	48,122
Total Liabilities and Net Worth	31,571	85,968	61,490
Sales	69,261	176,940	128,485
Net Profit	3,747	14,792	9,822
<u>Ratios:</u>			
Current assets to current liabilities	3.29	5.67	4.88
Current assets to fixed assets	18.43	22.34	21.32
Net quick assets to net worth .....	.80	.91	.88
Liabilities to net worth .....	.36	.25	.28
Sales to capital	5.73	7.45	6.95
Sales to fixed assets	47.77	52.41	51.19
Net profit to net worth16	.22	.20

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

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