GOVERNMENT OF CANADA

OPERATING RESULTS

AND

FINANCIAL STRUCTURE

FILLING STATIONS AND GARAGES

1948

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DOLLARS OMIT CENTS

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

BALANCE SHEET FOR YEAR 1947

		DOLLARS OMIT CENTS
CURRENT ASSETS	CASH ON HAND OR IN BANK	
	(A) ACCOUNTS AND NOTES RECEIVABLE	
	(B) RESERVE FOR DOUBTFUL ACCOUNTS	
	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)	
	MERCHANDISE INVENTORIES	
	OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)	
FIXED ASSETS	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT	
	(B) RESERVE FOR DEPRECIATION	
	TOTAL FIXED ASSETS (A LESS B)	
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS	
	TOTAL ASSETS	
LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE	
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME	
NET WORTH	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHARE-HOLDERS' EQUITY)	
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		DOLLARS OMIT CENTS
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	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returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.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 PUBLICATIONS

ANNUAL:

- 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 OF FILLING STATIONS AND GARAGES

INTRODUCTION

This report, presenting operating results of independent unincorporated filling stations and garages, 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.

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

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 having been designed to produce national averages only.

Only businesses of single proprietorship and partnership have been included in this study. In the profit and loss section the salaries or withdrawals of proprietors remained a part of net profit. On the balance sheet section of the questionnaire, the majority of the firms reported the two items of capital and surplus as one amount - net worth. This item, then, represents owners' equity, in the form of both original capital investment and earned surplus.

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

USE OF OPERATING AND FINANCIAL RATIOS

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

PROFIT AND LOSS

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

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

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

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 current obligations out of current assets. Its changes indicate whether a business is gaining or losing working capital.

2. Current assets to fixed assets: Fixed assets should not be expanded at the expense of current assets needed for operating expenses and inventory purchases. Decreases in this ratio may indicate any tendency toward over-investment in fixed assets.

3. Net quick assets to net worth: The ratio of net quick assets (current assets minus current liabilities - also called working capital) to net worth discloses how much of proprietors' capital or net worth is in the form of quickly convertible assets free from current obligation.

4. Liabilities to net worth shows the relationship between total debt and owned capital. This ratio will fluctuate at times when seasonal buying creates higher liabilities while net worth remains uniform.

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

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

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

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

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

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

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

Newfoundland was not included in this survey.

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

* * *

COMPARISON OF MAIN ITEMS BY TRADES.

PROFIT AND LOSS

Garages obtained greater gross profits and had greater operating expenses than filling stations in 1948. Salaries and wages of garages at 10.4 per cent of net sales reflect a certain amount of repaid work as compared to 7 per cent paid out as wages in filling stations. Operating expenses of 18.4 per cent in 1948 reduced the gross profit of garages to 7.8 per cent. Filling station expenses of 12.8 per cent resulted in a net profit of 6.2 per cent. Because of the greater average dollar volume of sales by filling stations, these ratios represented very similar average net profit values - $3,398 and $3,343 respectively.

As would be expected, filling stations maintained small stocks and therefore showed a very high rate of stock turnover, 26.3 times in 1946 and 20.9 times in 1948. Rate of stock turn in garages for the same years was 11.4 and 9.2 times per year respectively.

OPERATING RESULTS OF FILLING STATIONS AND GARAGES, 1946 and 1948

Item	1946		1948	
	Filling Stations	Garages	Filling Stations	Garages
Average sales .... $	42,279	36,136	53,912	43,567
Average beginning inventory .. $	1,184	2,024	1,925	3,414
Average ending inventory ..... $	1,437	2,566	2,248	3,589
Stock turnover	26.3	11.4	20.9	9.2
Gross profit	18.2	27.7	19.0	26.2
Salaries and wages	6.0	10.9	7.0	10.4
Occupancy	3.4	4.6	3.9	4.6
All other expenses	2.1	3.4	1.9	3.4
Net profit	6.7	8.8	6.2	7.8

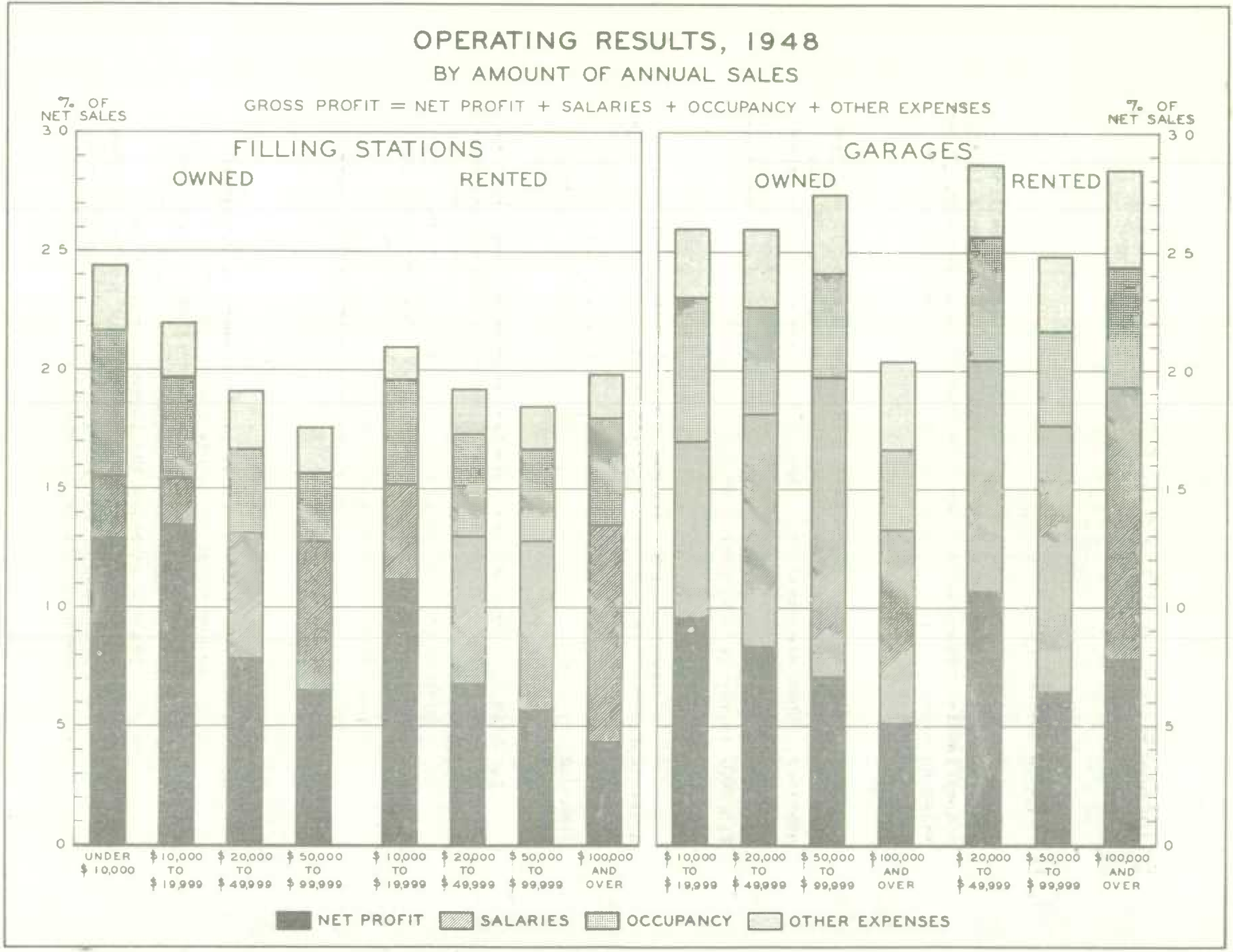
BALANCE SHEET

Owned and rented businesses were separated for the tabulation of balance sheet data because of the greater amount of fixed assets resulting from the real estate investment of 'owned' businesses. Both owned and rented groups in the two trades had more than $2.00 current assets to meet every $1.00 of current liability, with filling stations in the more favourable position. Owned and rented filling stations had 28¢ and 30¢ total liabilities respectively for every $1.00 net worth, while garages had higher amounts of 41¢ and 37¢ respectively.

In the owned class, filling stations and garages produced an almost similar amount of sales for each dollar of fixed asset investment ($4.99 and $4.93). Rented garages had more capital invested in equipment than did rented filling stations to produce $14.77 sales per dollar of fixed assets compared with $35.17 by the latter.

FINANCIAL AND OPERATING RATIOS OF FILLING STATIONS AND GARAGES, DEC. 31, 1948

Ratio	OWNED		RENTED	
	Filling Stations	Garages	Filling Stations	Garages
Current assets to current liabilities	3.17	2.43	3.66	3.22
Current assets to fixed assets	.69	.90	3.17	2.24
Net quick assets to net worth	.35	.39	.69	.63
Liabilities to net worth	.28	.41	.30	.37
Sales to net worth	3.74	3.58	10.49	5.99
Sales to fixed assets	4.99	4.93	35.17	14.77
Net profit to net worth	.27	.26	.58	.45



OPERATING RESULTS, 1948
BY AMOUNT OF ANNUAL SALES
GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + OTHER EXPENSES
% OF NET SALES
FILLING STATIONS
OWNED
RENTED
GARAGES
OWNED
RENTED
30
25
20
15
10
5
0
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
$10,000 TO $19,999
$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
NET PROFIT
SALARIES
OCCUPANCY
OTHER EXPENSES

SUMMARIES AND TABLES..........

1. FILLING STATIONS

Filling stations are principally engaged in selling gasoline and oil, accessories, tires and tubes. To remain in this classification, repairs must not form more than 25 per cent of net sales and gasoline and oil must account for 75 per cent of merchandise sales.

In 1948, reports properly completed for profit and loss data were received from 373 independent unincorporated filling stations. When separated into size of business groups for tabulation there were too few in the owned class with sales of $100,000 or more, and in the rented class with sales of less than $10,000, to permit publication of results.

Information on the balance sheet for the three largest size-classes was received from 204 firms. The sample of respondents in the owned class with sales of $100,000 or over was too small to warrant tabulation of results. The operations and financial structure of filling stations are summarized below:

1. While filling stations operated on greater gross profits in 1948 than in previous years a proportionately greater total operating expense overbalanced the gain in margin to give a smaller net profit in relation to sales. From 1945 to 1948 salaries and wages paid increased from 5.0 per cent to 7.0 per cent of net sales. Net profit dropped from 7.1 per cent to 6.2 per cent. Higher average sales and higher expenses proportionately were evidenced in 1948. (Table 1, page 15.)

2. In 1948, the ratio of gross profit generally decreased in the larger-sized stations, and net profit ratios also showed a downward trend as the volume of business expanded. The much higher proportion of sales spent on salaries and wages by the larger firms was approximately counterbalanced by comparatively smaller outlays for other expense items, particularly in occupied owned establishments. (Table 2, page 16.)

3. All size groups of both owned and rented stations had favourable ratios of current assets to current liabilities at the end of 1948. Owned businesses had an average of $3.17 current assets to meet every $1.00 of current liabilities and in the rented class this average was slightly greater at $3.66. For every dollar net worth there was only 28¢ and 30¢ total obligation for owned and rented filling stations respectively.

In both occupancy categories the larger sizes of business transacted more sales per dollar of net worth and utilized fixed assets in producing sales to a higher degree. Owned stations averaged $4.99 sales for every $1.00 of fixed asset investment. In rented stations, with no real estate investment this ratio was 35.17. (Table 3, page 17.)

Table 1. - Operating Results of Filling Stations - 1945, 1946, 1948

Item	1945	1946	1948
Number of stations reporting .... No.	515	479	373
Average net sales .... $	32,492	42,279	53,912
Gross margin	17.9	18.2	19.0
Operating expenses:			
Employees' salaries and wages	5.0	6.0	7.0
Advertising	0.2	0.2	0.2
Store supplies	0.7	0.7	0.4
Occupancy	3.7	3.4	3.9
all other expenses	1.2	1.2	1.3
Total operating expenses	10.8	11.5	12.8
Net profit before deduction of proprietor's salaries and income tax	7.1	6.7	6.2

(Items expressed as per cent of net sales).

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

Item	OWNED				RENTED			
	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 stations reporting	8	27	58	29	14	102	108	23
Average net sales per station ... $	6,373	14,519	32,930	72,106	16,122	37,229	69,531	148,869
Average cost of goods sold ...... $	4,819	11,328	26,632	59,395	12,731	30,096	56,658	119,447
Average beginning inventory ..... $	710	816	2,066	2,897	731	1,235	2,067	4,126
Average inventory, end of year .. $	797	1,361	2,146	3,290	897	1,540	2,254	5,110
Stock turnover (times per year) ...	6.40	10.41	12.64	19.20	15.64	21.70	26.23	25.87
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	24.37	21.97	19.12	17.62	21.03	19.16	18.51	19.76
Operating expenses:								
Employees' salaries and wages (except delivery)	2.61	1.91	5.34	6.25	4.01	6.16	7.12	9.16
Taxes	.96	.53	.56	.50	.27	.29	.32	.32
Insurance	.88	.39	.42	.35	.28	.24	.24	.38
Rent	-	-	-	-	2.11	2.02	2.05	2.36
Heat, light and power	2.05	1.47	.93	.72	.98	.75	.58	.65
Delivery	1.13	.14	.28	.16	.03	.16	.19	.19
Repairs and maintenance	1.22	.65	.61	.57	.37	.35	.33	.41
Depreciation allowances	.91	1.27	.95	.78	.39	.44	.34	.33
Store supplies	.19	.73	.62	.35	.53	.45	.43	.31
Advertising	.19	.11	.20	.21	.11	.24	.28	.23
Bad debts - written off	.59	.12	.11	.18	.01	.07	.06	.11
(Less) amount recovered	.03	-	-	-	-	-	-	-
Net bad debt loss	.56	.12	.11	.18	.01	.07	.06	.11
All other expenses	.73	1.13	1.18	1.10	.76	1.19	.92	1.05
Total operating expenses	11.43	8.45	11.20	11.17	9.85	12.36	12.86	15.50
Net trading profit before deduction of proprietors' salaries and income tax	12.94	13.52	7.92	6.45	11.18	6.80	5.65	4.26

Table 3.--Filling Stations - Financial Structure by Size and Occupancy Basis, December 31, 1948

Item (*) (Average per station)	OWNED $20,000 to $49,999	OWNED $50,000 to $99,999	OWNED Total	RENTED $20,000 to $49,999	RENTED $50,000 to $99,999	RENTED $100,000 and Over	RENTED Total
Assets							
Current assets:							
Cash on hand or in bank	1,116	3,525	1,888	1,025	1,808	2,219	1,603
Net accounts receivable	953	2,243	1,367	1,339	1,782	2,421	1,715
Merchandise inventory	2,231	3,546	2,653	1,837	2,349	4,666	2,459
Other current assets	166	935	413	247	538	879	483
Total current assets	4,466	10,249	6,321	4,448	6,477	10,185	6,260
Net fixed assets	7,936	11,759	9,162	1,504	1,845	3,878	1,977
Other assets	155	287	198	381	384	127	352
Total assets	12,557	22,295	15,681	6,333	8,706	14,190	8,589
Liabilities and Net Worth:							
Current liabilities	1,255	3,562	1,993	1,321	1,558	3,490	1,711
Other liabilities	1,158	2,051	1,445	93	358	205	253
Total liabilities	2,411	5,613	3,438	1,414	1,916	3,695	1,964
Net Worth	10,146	16,682	12,243	4,919	6,790	10,495	6,625
Total Liabilities and Net Worth	12,557	22,295	15,681	6,333	8,706	14,190	8,589
Sales	32,975	72,769	45,739	37,516	70,695	151,204	69,525
Net Profit	2,612	4,694	3,279	2,551	3,994	6,441	3,818
Ratios:							
Current assets to current liabilities	3.56	2.88	3.17	3.37	4.16	2.92	3.66
Current assets to fixed assets	.56	.87	.69	2.96	3.51	2.63	3.17
Net quick assets to net worth	.32	.40	.35	.64	.72	.64	.69
Liabilities to net worth	.24	.34	.28	.29	.28	.35	.30
Sales to net worth	3.25	4.36	3.74	7.63	10.41	14.41	10.49
Sales to fixed assets	4.16	6.19	4.99	24.94	38.33	38.99	35.17
Net profit to net worth	.26	.28	.27	.52	.59	.61	.58

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

2. GARAGES

Garages used in this survey were those whose total sales comprised more than 50 per cent merchandise sales, but which operated a repair department. "Service" garages where repair work predominated were excluded. Dealer garages (selling motor vehicles) were also excluded from this study.

Reports properly completed for profit and loss data were received from 174 garages. These were separated into sales-size groups within the two occupancy classes. There were too few reports received in the owned class with sales less than $10,000 and in the rented class under $20,000 to permit publication of results. The results of the largest sized group represents the average of only 7 firms in each occupancy group. The smallness of the sample should be taken into accounts when interpreting the results.

Balance sheet data are based on 90 satisfactory reports and are confined to the largest size groups. Only a few reports were received from firms with sales over $100,000 and results, while not shown separately, are included in the total for each occupancy class. The operating results and financial structure of garages are summarized as follows:

1. A decline in the gross profit ratio of garages since 1945 has been accompanied by a similar drop in net profit percentages. Operating expenses remained quite constant at 18.6 per cent of sales in 1945, 18.9 per cent in 1946 and 18.4 per cent in 1948. In common with most other trades, average sales increased in 1948 - to $43,567 from $34,525 in 1946. (Table 4, page 19.)

2. In 1948 there was no definite trend in gross profit ratio by size of business. With the exception of owned garages with sales of $100,000 or over, there was an upward movement in the ratio of operating expenses as the size of business increased and a corresponding decrease in the ratio of net profit. The rate of stock turnover was more rapid in rented garages than in owned and over all size and occupancy groups ranged from 6.10 to 14.31 times per year. (Table 5, page 20.)

3. All size and occupancy groups for which balance sheet data are shown reported favourable current ratios with more than \$2.00 current assets to meet every \$1.00 of current liability. In all classes net worth was less than 50 per cent of total liability. Every dollar of net worth produced \$3.58 sales in owned garages and \$5.99 in rented garages. (Table 6, page 21.)

Table 4. - Operating Results of Garages - 1945, 1946, 1948

Item	1945	1946	1948
Number of garages reporting .... No.	240	287	174
Average net sales .... $	34,525	36,136	43,567
Gross profit	27.9	27.7	26.2
Operating expenses:			
Employees' salaries and wages	10.0	10.9	10.4
Advertising	0.3	0.3	0.3
Store supplies	1.0	1.1	0.7
Occupancy	5.1	4.6	4.6
All other expenses	2.2	2.0	2.4
Total operating expenses	18.6	18.9	18.4
Net profit before deduction of proprietor's salaries and income tax	9.3	8.8	7.8

(Items expressed as percentage of net sales).

Table 5.--Garages - Operating Results Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED				RENTED		
	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and Over	$20,000 to $49,999	$50,000 to $99,999	$100,000 and Over
Number of garages reporting	19	46	25	7	23	22	7
Average net sales per garage .... $	19,081	31,766	62,760	117,602	31,707	66,771	128,788
Average cost of goods sold .... $	14,124	23,507	45,543	93,575	22,601	50,244	92,150
Average beginning inventory .... $	2,332	3,022	4,179	10,320	1,923	3,285	5,117
Average inventory, end of year ..... $	2,300	3,425	5,197	10,464	1,934	3,751	7,764
Stock turnover (times per year)	6.10	7.29	9.72	9.01	11.72	14.28	14.31
PROFIT AND LOSS DATA							
(Per cent of net sales)							
Gross profit	25.98	26.00	27.43	20.43	28.72	24.75	28.45
Operating expenses:							
Employees' salaries and wages (except delivery)	7.42	9.75	12.63	8.15	9.65	11.34	11.45
Taxes	..99	.58	.64	.64	.36	.25	.27
Insurance	.74	.52	.68	.63	.43	.35	.46
Rent	-	-	-	-	1.79	1.59	1.30
Heat, light and power	1.38	1.19	1.06	.71	1.18	.77	.90
Delivery	.30	.24	.37	.24	.53	.24	.17
Repairs and maintenance	.83	.93	.75	.64	.61	.43	1.17
Depreciation allowances	2.15	1.29	1.27	.74	.90	.61	1.01
Store supplies	.45	.69	.50	.70	.52	.71	.91
Advertising	.29	.21	.30	.29	.24	.39	.78
Bad debts - written off	.08	.11	.39	.33	.20	.14	.77
(Less) amount recovered	-	-	.01	-	-	.03	-
Net bad debt loss	.08	.11	.38	.33	.20	.11	.77
All other expenses	1.75	2.12	1.74	2.26	1.60	1.57	1.44
Total operating expenses	16.38	17.63	20.32	15.33	18.01	18.36	20.63
Net trading profit before deduction of proprietors' salaries and income tax	9.60	8.37	7.11	5.10	10.71	6.39	7.82

Table 6.--Financial Structure by Size and Occupancy Basis, December 31, 1948

Item (x) (Average per garage)	OWNED			RENTED		
	$20,000 to $49,999	$50,000 to $99,999	Total	$20,000 to $49,999	$50,000 to $99,999	Total
Assets						
Current assets:						
Cash on hand or in bank	971	1,941	1,364	1,497	2,592	2,080
Net accounts receivable	1,632	3,820	2,605	1,253	3,208	2,849
Merchandise inventory	3,431	4,641	4,419	2,235	3,487	3,777
Other current assets	852	91	556	443	214	277
Total current assets	6,886	10,493	8,944	5,428	9,501	8,983
Net fixed assets	8,137	11,496	9,884	1,433	4,046	4,012
Other assets	379	576	421	357	821	557
Total assets	15,402	22,565	19,249	7,218	14,368	13,552
Liabilities and Net Worth:						
Current liabilities	3,094	3,978	3,678	965	2,820	2,788
Other liabilities	1,228	3,383	1,958	249	1,411	872
Total liabilities	4,322	7,361	5,636	1,214	4,231	3,660
Net Worth	11,080	15,204	13,613	6,004	10,137	9,892
Total Liabilities and Net Worth	15,402	22,565	19,249	7,218	14,368	13,552
Sales	32,254	60,618	48,740	26,788	66,917	59,240
Net Profit	2,700	4,310	3,520	2,869	4,276	4,434
Ratios:						
Current assets to current liabilities ..	2.23	2.64	2.43	5.62	3.37	3.22
Current assets to fixed assets	.85	.91	.90	3.79	2.35	2.24
Net quick assets to net worth	.34	.43	.39	.74	.66	.63
Liabilities to net worth	.39	.48	.41	.20	.42	.37
Sales to net worth	2.91	3.99	3.58	4.46	6.60	5.99
Sales to fixed assets	3.96	5.27	4.93	18.69	16.54	14.77
Net profit to net worth	.24	.28	.26	.48	.42	.45

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