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OPERATING RESULTS AND FINANCIAL STRUCTURE OF FILLING STATIONS AND GARAGES 1954

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NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I**— The Primary Industries, including mining, forestry and fisheries; **Volume II**— Manufacturing; **Volume III**— Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I— Wholesale Statistics

- A— Wholesale Trade, 25¢
- *B— Operating Results of Food Wholesalers, 25¢
- *C— Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- *D— 1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
 - 2 Operating Results of Drug Wholesalers, 25¢
 - 3 Operating Results of Hardware Wholesalers, 25¢
 - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
 - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

Part II— Retail Statistics

- E— General Review —(Discontinued)
- F— Retail Trade, 50¢
- G— Retail Chain Stores, 50¢
- *H— Operating Results of Food Store Chains, 25¢
- *I— Operating Results of Clothing Store Chains, 25¢
- *J— 1 Operating Results of Variety Store Chains, 25¢
 - 2 Operating Results of Drug Stores Chains, 25¢
 - 3 Operating Results of Furniture Store Chains, 25¢
- K— Operating Results of Independent Food Stores, 25¢
- L— Operating Results of Independent Clothing Stores, 25¢
- M— Operating Results of Independent Hardware, Furniture, Appliance and Radio Stores, 25¢
- N— Operating Results of Filling Stations & Garages, 25¢
- O— 1 Operating Results of Independent General Stores, 25¢
 - 2 Operating Results of Independent Restaurants, 25¢
 - 3 Operating Results of Independent Fuel Dealers, 25¢
 - 4 Operating Results of Independent Drug Stores, 25¢
 - 5 Operating Results of Independent Jewellery Stores, 25¢
 - 6 Operating Results of Independent Tobacco Stores, 25¢
- P— Retail Consumer Credit, 25¢

Part III— Services and Special Fields

- Q— Laundries, Cleaners and Dyers, 25¢
- R— Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S— Hotels, 25¢
- T— Sales Financing, 25¢
- U— Farm Implement and Equipment Sales, 25¢
- V— New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W— Advertising Agencies (Memorandum), 10¢
- X— Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

*Biennial reports — not issued for 1954.

(29 May '56)

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DEFINITIONS

Profit and Loss

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

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" (in unincorporated store operations).

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — Payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

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

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation allowances — provision for decrease in the value of fixed store assets.

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

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

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank — the amount of cash in the business at the end of the year.

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

Merchandise inventory — 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 Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investments of a permanent nature not readily converted into cash, and intangibles such as goodwill and organization costs.

Liabilities and Net Worth

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

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios — Each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivables) can result in a stronger or more favourable ratio.

Liquidity Ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — If used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed — $\text{Net Sales} \div \text{Total Assets used in the business}$ — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE OF FILLING STATIONS AND GARAGES

1954

INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail operators for the trades covered. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard by which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size and kind of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail business or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the

result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-established business, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

The following kinds of retail business are presented in this report:

1. Filling Stations.
2. Garages.

There are analyses of:

1. profit and loss statements
2. balance sheet statements.

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories.

Balance sheet data, which were introduced in 1948, are continued in this 1954 study. This information is presented by sales-size and kind of occupancy groups for business with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales, than was possible when all fixed assets of the proprietor were reported as one item.

FILLING STATIONS

Only filling stations, selling mainly gas, oil, parts and accessories, tires and tubes, and also performing service and repairs, were used in this report. The sale of gas and oil must constitute 67% or more of total net sales.

Unincorporated "single establishments" or "independent" firms only are covered. After careful editing, 296 questionnaires were used for the profit

and loss tabulations (112 for owned and 184 for rented filling stations). Returns from which balance sheet data were used numbered 244.

Any change in the actual count from survey to survey may be attributed to changes in classification, filling stations going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large stations is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 census were used. For example, in response to this survey, independent filling stations between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total filling station sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

The summary chart does not show weighted ratios; for sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

The average gross profit expressed as a percentage of average net sales increased in 1954 to 20.80 per cent from 19.70 per cent in 1952. Net operating expenses also increased, but to a smaller extent, leaving net operating profit with an increase amounting to 0.13 per cent—6.97 per cent in 1952 and 7.10 per cent in 1954. Supplies expense showed the only decrease in operating expenses in 1954 compared with 1952, 0.32 and 0.39 per cent respectively.

Inventories at the end of the year were slightly higher for owned filling stations and slightly lower for rented ones than they were at the beginning of the year. Average inventories for owned and rented establishments showed a very slight increase at year end compared with beginning.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, chart and tables, will give more detail and information on operating results and financial position of filling stations for 1954.

Operating Results of Filling Stations 1952 and 1954 Compared

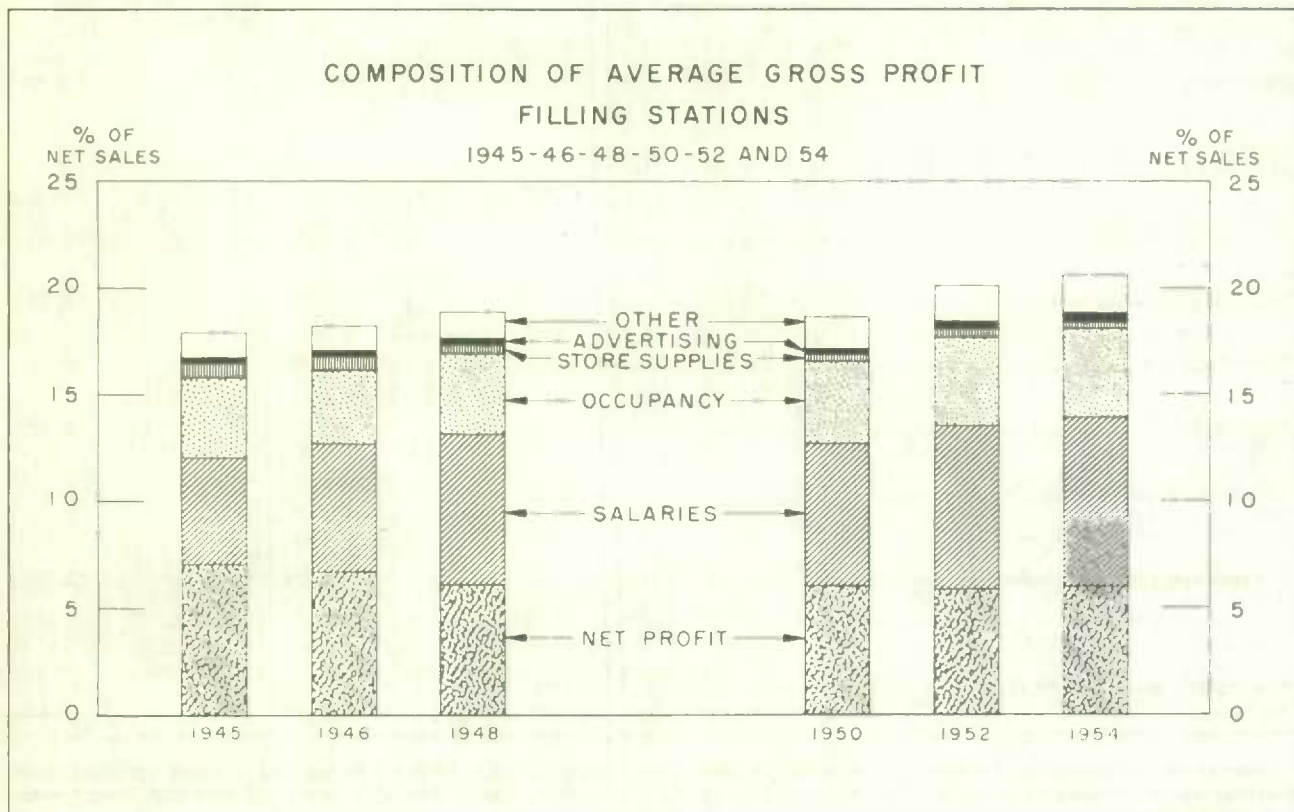
Item	1952	1954
	(per cent of net sales)	
Gross Profit	19.70	20.80
Operating expenses		
Employees' salaries	6.28	6.61
Occupancy	4.19	4.64
Store Supplies	0.39	0.32
Advertising	0.22	0.28
All other expenses	1.65	1.85
Total operating expenses	12.73	13.70
Net operating profit before deduction of proprietors' salaries and income tax	6.97	7.10

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Financial Ratios of Filling Stations as at December 31, 1948 -50-52-54

Item ¹		Unincorporated	
		Owned	Rented
Current Ratio	1948	3.17	3.66
	1950	2.36	3.33
	1952	3.71	3.22
	1954	2.83	2.92
Liquidity ratio	1952	2.42	2.11
	1954	1.99	1.95
Working Capital to Net Worth ratio	1948	0.35	0.69
	1950	0.34	0.67
	1952	0.38	0.66
	1954	0.32	0.61
Worth Debt ratio	1948	3.57	3.33
	1950	2.17	2.56
	1952	2.82	2.59
	1954	2.52	2.24
Turnover of total capital employed	1952	3.14	8.76
	1954	3.45	8.18

1. Ratio definitions are shown on page 6.



MERCHANDISING AND SERVICES

TABLE 1. Filling Stations — Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stations with annual net sales of				Rented stations with annual net sales of		
	\$10,000 - \$19,999	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over
Number of stations reporting	15	49	30	16	37	81	61
Average net sales per station	\$ 15,308	33,158	72,794	185,195	34,424	73,349	158,509
Average beginning inventory	\$ 1,077	1,659	2,953	3,067	1,544	2,314	4,150
Average inventory, end of year	\$ 1,041	1,639	3,031	3,482	1,585	2,281	4,108
Average cost of goods sold	\$ 12,308	26,558	58,583	152,966	26,959	57,242	125,248
Stock turnover (times per year)	—	—	—	—	—	—	—
Profit and Loss Data (per cent of net sales)							
Gross profit	19.60	19.90	19.52	17.40	21.68	21.96	20.98
Operating expenses:							
Employees salaries and wages (except delivery)	2.62	5.24	6.59	6.57	6.20	7.77	9.36
Delivery expense	0.37	0.21	0.30	0.44	0.56	0.43	0.29
Occupancy expenses:							
Taxes	0.77	0.88	0.56	0.35	0.31	0.30	0.28
Insurance	0.60	0.42	0.34	0.34	0.36	0.33	0.29
Rent	—	—	—	—	2.91	2.81	2.57
Heat, light and power	1.70	1.00	0.71	0.55	1.14	0.78	0.57
Repairs and maintenance	1.21	0.66	0.60	0.34	0.29	0.37	0.33
Depreciation allowances	1.25	1.38	1.11	0.96	0.59	0.52	0.44
Total occupancy expenses	5.53	4.34	3.52	2.54	5.60	5.11	4.48
Office or store supplies	0.22	0.27	0.23	0.25	0.42	0.40	0.32
Advertising	0.07	0.22	0.25	0.37	0.26	0.34	0.39
Net loss on bad debts	0.12	0.26	0.35	0.14	0.14	0.09	0.22
All other expenses	1.54	1.32	1.39	1.47	1.23	1.22	1.09
Total operating expenses	10.47	11.86	12.63	11.78	14.41	15.36	16.15
Net operating profit before deduction of proprietors' salaries and income tax	9.13	8.04	6.89	5.62	7.27	6.60	4.83

TABLE 2. Filling Stations — Owned — Financial Structure by Size and Age of Business as at December 31, 1954

Item	Stations with annual net sales of							Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
	(average per store)							
Assets								
Current assets:								
Cash on hand and in bank.....	708	1,705	1,409	3,545	5,173	4,708	4,997	3,236
Accounts and notes receivable (net).....	659	732	710	2,665	3,064	2,950	4,025	2,116
Merchandise inventory.....	1,415	1,886	1,746	2,951	3,071	3,037	3,702	2,564
Other current assets.....	6	177	126	110	2,209	1,609	360	689
Total current assets	2,788	4,500	3,991	9,271	13,517	12,304	13,084	8,605
Fixed assets (net):								
Used in the business.....	12,846	8,964	10,119	9,489	8,385	8,701	26,128	12,624
Not used in the business	908	2,451	1,991	1,246	2,502	2,143	867	1,834
Total fixed assets (net)	13,754	11,415	12,110	10,735	10,887	10,844	26,995	14,458
Other assets:								
Long term investments	—	288	203	—	—	—	339	157
Other assets	745	23	237	3	1,233	881	3,962	974
Total other assets	745	311	440	3	1,233	881	3,301	1,131
Total assets	17,287	16,226	16,541	20,009	25,637	24,029	43,380	24,194
Liabilities								
Current liabilities:								
Accounts and notes payable.....	2,048	1,004	1,315	4,485	2,824	3,298	6,807	3,039
Fixed liabilities:								
Mortgages on fixed assets used in business	2,949	399	1,157	1,271	2,426	2,096	8,918	2,941
Mortgages on fixed assets not used in business	—	177	124	724	278	405	—	199
Total fixed liabilities	2,949	576	1,281	1,995	2,704	2,501	8,918	3,140
Other liabilities	291	163	201	375	412	402	2,420	687
Total liabilities	5,288	1,743	2,797	6,855	5,940	6,201	18,145	6,866
Net worth: proprietor's or partners' equity in the business	11,999	14,483	13,744	13,154	19,697	17,828	25,235	17,328
Total liabilities and net worth	17,287	16,226	16,541	20,009	25,637	24,029	43,380	24,194
Average net sales of stations reporting	35,826	33,009	33,847	70,557	74,622	73,461	190,304	77,047
Number of stations reporting	11	26	37	8	20	28	15	80

Financial Ratios of Filling Stations as at December 31, 1948 -50-52-54

Item ¹		Unincorporated	
		Owned	Rented
Current Ratio	1948	3.17	3.66
	1950	2.36	3.33
	1952	3.71	3.22
	1954	2.83	2.92
Liquidity ratio	1952	2.42	2.11
	1954	1.99	1.95
Working Capital to Net Worth ratio.....	1948	0.35	0.69
	1950	0.34	0.67
	1952	0.38	0.66
	1954	0.32	0.61
Worth Debt ratio	1948	3.57	3.33
	1950	2.17	2.56
	1952	2.82	2.59
	1954	2.52	2.24
Turnover of total capital employed	1952	3.14	8.76
	1954	3.45	8.18

1. Ratio definitions are shown on page 6.

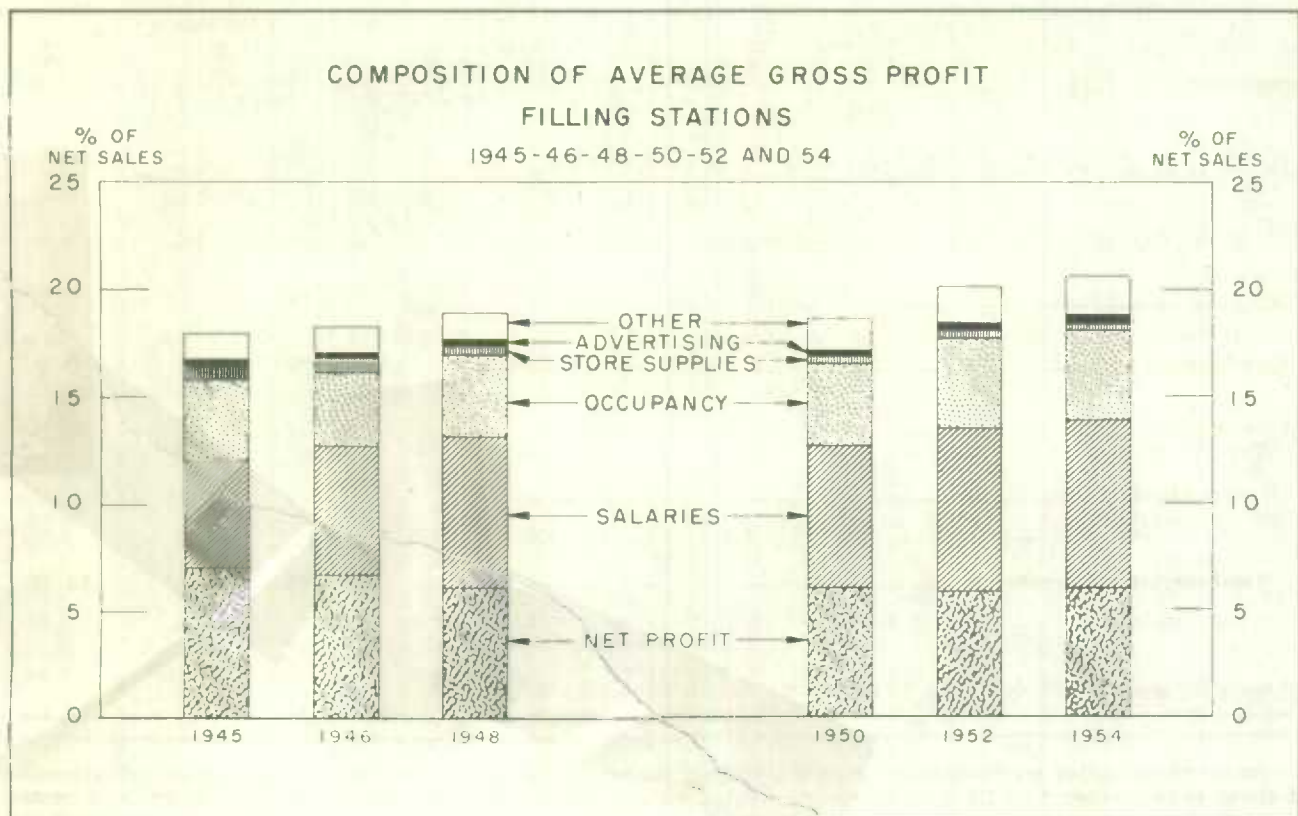


TABLE 1. Filling Stations — Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stations with annual net sales of				Rented stations with annual net sales of		
	\$10,000 - \$19,999	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over
Number of stations reporting	15	49	30	16	37	81	61
Average net sales per station	\$ 15,308	33,158	72,794	185,195	34,424	73,349	158,509
Average beginning inventory	\$ 1,077	1,659	2,953	3,067	1,544	2,314	4,150
Average inventory, end of year	\$ 1,041	1,639	3,031	3,482	1,585	2,281	4,108
Average cost of goods sold	\$ 12,308	26,558	58,583	152,966	26,959	57,242	125,248
Stock turnover (times per year)	—	—	—	—	—	—	—
Profit and Loss Data (per cent of net sales)							
Gross profit	19.60	19.90	19.52	17.40	21.68	21.96	20.98
Operating expenses:							
Employees salaries and wages (except delivery)	2.62	5.24	6.59	6.57	6.20	7.77	9.36
Delivery expense	0.37	0.21	0.30	0.44	0.56	0.43	0.29
Occupancy expenses:							
Taxes	0.77	0.88	0.56	0.35	0.31	0.30	0.28
Insurance	0.60	0.42	0.34	0.34	0.36	0.33	0.29
Rent	—	—	—	—	2.91	2.81	2.57
Heat, light and power	1.70	1.00	0.71	0.55	1.14	0.78	0.57
Repairs and maintenance	1.21	0.66	0.80	0.34	0.29	0.37	0.33
Depreciation allowances	1.25	1.38	1.11	0.96	0.59	0.52	0.44
Total occupancy expenses	5.53	4.34	3.52	2.54	5.60	5.11	4.48
Office or store supplies	0.22	0.27	0.23	0.25	0.42	0.40	0.32
Advertising	0.07	0.22	0.25	0.37	0.26	0.34	0.39
Net loss on bad debts	0.12	0.26	0.35	0.14	0.14	0.09	0.22
All other expenses	1.54	1.32	1.39	1.47	1.23	1.22	1.09
Total operating expenses	10.47	11.86	12.63	11.78	14.41	15.36	16.15
Net operating profit before deduction of proprietors' salaries and income tax	9.13	8.04	6.89	5.62	7.27	6.60	4.83

TABLE 2. Filling Stations — Owned — Financial Structure by Size and Age of Business as at December 31, 1954

Item	Stations with annual net sales of							Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank.....	708	1,705	1,409	3,545	5,173	4,708	4,997	3,236
Accounts and notes receivable (net).....	659	732	710	2,665	3,064	2,950	4,025	2,116
Merchandise inventory	1,415	1,886	1,746	2,951	3,071	3,037	3,702	2,564
Other current assets	6	177	126	110	2,209	1,609	360	689
Total current assets	2,788	4,500	3,991	9,271	13,517	12,304	13,084	8,605
Fixed assets (net):								
Used in the business.....	12,846	8,964	10,119	9,489	8,385	8,701	26,128	12,624
Not used in the business	908	2,451	1,991	1,246	2,502	2,143	867	1,834
Total fixed assets (net)	13,754	11,415	12,110	10,735	10,887	10,844	26,995	14,458
Other assets:								
Long term investments	—	288	203	—	—	—	339	157
Other assets	745	23	237	3	1,233	881	3,962	974
Total other assets	745	311	440	3	1,233	881	3,301	1,131
Total assets	17,287	16,226	16,541	20,009	25,637	24,029	43,380	24,194
Liabilities								
Current liabilities:								
Accounts and notes payable.....	2,048	1,004	1,315	4,485	2,824	3,298	6,807	3,039
Fixed liabilities:								
Mortgages on fixed assets used in business	2,949	399	1,157	1,271	2,426	2,096	8,918	2,941
Mortgages on fixed assets not used in business	—	177	124	724	278	405	—	199
Total fixed liabilities	2,949	576	1,281	1,995	2,704	2,501	8,918	3,140
Other liabilities	291	163	201	375	412	402	2,420	687
Total liabilities	5,288	1,743	2,787	6,855	5,940	6,201	18,145	6,866
Net worth: proprietor's or partners' equity in the business	11,999	14,483	13,744	13,154	19,697	17,828	25,235	17,328
Total liabilities and net worth.....	17,287	16,226	16,541	20,009	25,637	24,029	43,380	24,194
Average net sales of stations reporting	35,826	33,969	33,847	70,557	74,622	73,461	190,304	77,047
Number of stations reporting	11	26	37	8	20	28	15	80

TABLE 3. Filling Stations - Rented - Financial Structure by Size and Age of Business as at December 31, 1954

Item	Stations with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,184	1,208	1,195	1,862	2,836	2,401	3,287	4,655	4,112	2,771
Accounts and notes receivable (net)	1,106	708	932	2,146	2,107	2,124	3,814	3,615	3,694	2,447
Merchandise inventory	1,586	1,664	1,620	2,460	2,082	2,251	4,407	3,973	4,145	2,798
Other current assets	611	585	599	234	390	321	125	805	536	451
Total current assets	4,487	4,165	4,346	6,702	7,415	7,097	11,633	13,048	12,487	8,467
Fixed assets (net):										
Used in the business	1,915	1,509	1,738	2,129	2,014	2,065	6,040	2,468	3,884	2,645
Not used in the business	245	1,143	638	1,058	755	890	641	3,398	2,305	1,341
Total fixed assets (net)	2,160	2,652	2,376	3,187	2,769	2,955	6,681	5,866	6,189	3,986
Other assets:										
Long term investments	63	—	35	—	461	255	13	602	368	252
Other assets	—	327	143	350	300	323	1,471	369	806	459
Total other assets	63	327	178	350	761	578	1,484	971	1,174	711
Total assets	6,710	7,144	6,900	10,239	10,945	10,630	19,798	19,885	19,850	13,164
Liabilities										
Current liabilities:										
Accounts and notes payable	2,025	980	1,568	2,348	2,152	2,240	5,623	3,730	4,480	2,901
Fixed liabilities:										
Mortgages on fixed assets used in business	667	—	375	135	276	213	2,075	86	875	479
Mortgages on fixed assets not used in business	—	—	—	477	183	314	445	1,212	908	463
Total fixed liabilities	667	—	375	612	459	527	2,520	1,298	1,783	942
Other liabilities	—	349	152	20	196	117	956	17	389	220
Total liabilities	2,692	1,329	2,095	2,980	2,807	2,884	9,099	5,045	6,652	4,063
Net worth: proprietor's or partners' equity in the business	4,018	5,815	4,805	7,259	8,136	7,746	10,699	14,840	13,198	9,101
Total liabilities and net worth	6,710	7,144	6,900	10,239	10,945	10,630	19,798	19,885	19,850	13,164
Average net sales of stations reporting	33,992	36,296	35,000	71,622	74,837	73,404	154,025	165,061	160,685	96,778
Number of stations reporting	18	14	32	33	41	74	23	35	58	164

GARAGES

Only, garages engaged in making repairs or performing other services in addition to the sale of gas, oil, accessories and parts, are covered in this report, authorized motor vehicle dealers are not included. Either one of the following two requirements must be fulfilled.

- Receipts from repair work and other services must constitute 25% to 50% of total trade; if exceeding 50% not classified as a garage.
- If less than 25%, the sale of parts and accessories should constitute at least 33% of total trade as should the sale of gas and oil.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 185 questionnaires were used for the profit and loss tabulations (123 for owned and 62 for rented garages). Returns from which balance sheet data were used numbered 140.

Any change in the actual count from survey to survey may be attributed to changes in classification, garages going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large garages is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 census were used. For example in response to this survey, independent garages between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total garage sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

The summary chart does not show weighted ratios; for sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

The average gross profit expressed as a percentage of average net sales increased to 30.59 per cent in 1954 from 29.65 per cent in 1952. The

reverse effect happened for net operating expenses, 21.14 per cent in 1954 against 20.02 per cent in 1952. This caused a decrease in the net operating profit, 9.45 per cent in 1954 from 9.63 per cent in 1952. Store supplies was the only operating expense with a decrease in 1954.

Inventories at the end of the year were slightly higher than at the beginning for both owned and rented garages. The only increase in inventories of owned garages was in the sales-size \$50,000-\$99,999. For rented garages the only sales-size with a decrease in inventory was \$100,000 and over.

Stock turnover increased with sales-sizes, ranging from 7.09 to 11.23 times per year for owned garages and 7.16 to 23.74 times per year for rented garages.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, chart and table, will give more detail and information on operating results and financial position of garages for 1954.

Operating Results of Garages, 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross Profit	29.65	30.59
Operating expenses		
Employees' salaries	11.09	11.40
Occupancy	5.35	5.70
Store Supplies	0.58	0.44
Advertising	0.33	0.36
All other expenses	2.67	3.24
Total operating expenses	20.02	21.14
Net operating profit before deduction of proprietors' salaries and income tax	9.63	9.45

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Financial Ratios of Independent Garages, as at December 31, 1948-50-52-54

Item ¹	Unincorporated	
	Owned	Rented
Current ratio		
1948	2.43	3.22
1950	2.16	2.07
1952	2.88	2.65
1954	2.32	2.91
Liquidity ratio		
1952	1.79	1.84
1954	1.39	2.07
Working Capital to net worth ratio		
1948	0.39	0.63
1950	0.38	0.60
1952	0.40	0.61
1954	0.39	0.61
Worth debt ratio		
1948	2.44	2.70
1950	1.79	1.37
1952	2.05	2.24
1954	1.73	2.61
Turnover of total capital employed		
1952	2.54	4.16
1954	2.52	3.99

1. Ratio definitions are shown on page 6.

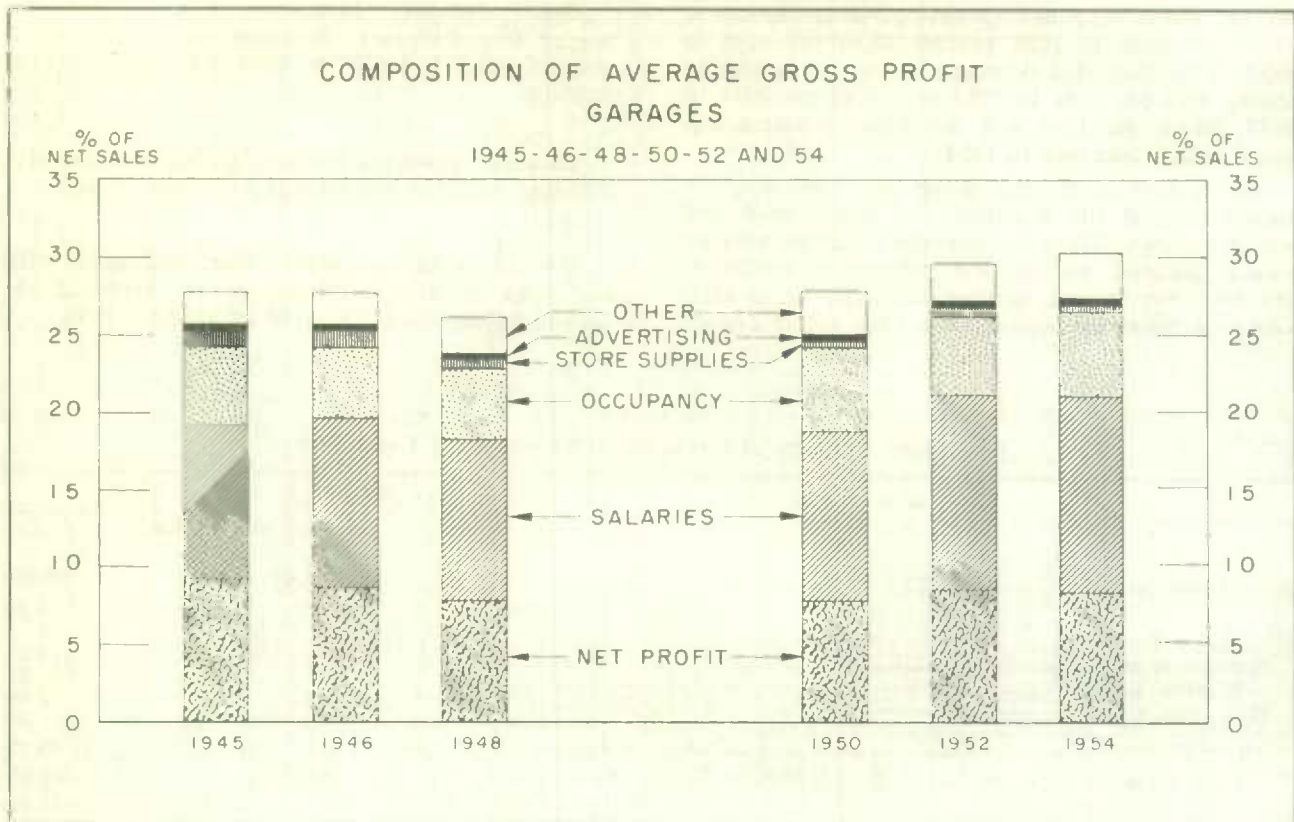


TABLE 4. Garages — Operating Results by Sales and Occupancy Basis, 1951

Item	Owned garages with annual net sales of				Rented garages with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of garages reporting	21	54	32	12	7	28	16	9
Average net sales per garage	\$ 14,036	\$ 31,774	\$ 71,253	\$ 142,740	\$ 16,473	\$ 31,384	\$ 67,941	\$ 163,218
Average beginning inventory	\$ 1,353	\$ 2,579	\$ 4,713	\$ 9,475	\$ 1,256	\$ 2,102	\$ 3,800	\$ 4,623
Average inventory, end of the year	\$ 1,324	\$ 2,496	\$ 5,233	\$ 8,631	\$ 1,358	\$ 2,145	\$ 3,824	\$ 4,607
Average cost of goods sold	\$ 9,492	\$ 21,925	\$ 50,876	\$ 101,701	\$ 9,345	\$ 21,137	\$ 49,035	\$ 109,575
Stock turnover (times per year)	7.09	8.64	10.23	11.23	7.16	9.95	12.86	23.74
Profit and loss data (Per cent of net sales)								
Gross profit	32.38	30.99	28.59	28.75	43.27	32.65	27.82	32.86
Operating expenses:								
Employees' salaries and wages (except delivery)	4.00	10.75	12.75	14.46	9.39	11.08	11.31	17.20
Occupancy expenses:								
Taxes	2.13	1.21	0.89	0.73	0.74	0.42	0.20	0.44
Insurance	0.94	0.73	0.64	0.76	0.84	0.61	0.56	0.51
Rent	—	—	—	—	3.80	3.57	2.56	2.55
Heat, light and power	1.94	1.55	0.98	0.86	1.59	1.16	0.75	0.75
Repairs and maintenance	0.94	0.83	0.49	0.85	0.59	0.56	0.43	0.32
Depreciation allowances	1.74	1.68	1.62	1.10	0.88	1.38	0.79	1.03
Total occupancy expenses	7.69	6.00	4.62	4.30	8.44	7.70	5.29	5.60
Office or store supplies	0.47	0.52	0.37	0.24	0.62	0.51	0.58	0.44
Advertising	0.32	0.28	0.30	0.73	0.23	0.24	0.28	0.55
Net loss on bad debts	0.46	0.17	0.23	1.09	0.74	0.18	0.46	0.42
All other expenses	3.17	3.05	2.73	2.66	4.25	2.79	1.79	2.25
Total operating expenses	16.11	20.77	21.00	23.48	23.67	22.50	19.71	26.46
Net operating profit before deduction of proprietors' salaries and income tax	16.27	10.22	7.59	5.27	19.60	10.15	8.11	6.40



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MERCHANDISING AND SERVICES

TABLE 5. Garages - Owned - Financial Structure by Size and Age of Business, as at December 31, 1954

Item	Garages with annual net sales of						Total all sizes \$20,000 and over	
	\$20,000-\$49,999			\$50,000-\$99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank	1,322	1,876	1,706	2,530	2,632	2,593	1,758	2,002
Accounts and notes receivable (net)	2,044	1,332	1,551	4,018	4,590	4,369	13,007	3,918
Merchandise inventory	1,911	2,810	2,534	6,295	4,724	5,332	8,631	4,217
Other current assets	5	418	290	34	105	77	1,242	341
Total current assets	5,282	6,436	6,081	12,877	12,061	12,371	24,638	10,478
Fixed assets (net):								
Used in the business	10,405	7,760	8,574	15,228	13,878	14,400	19,260	11,824
Not used in the business	769	836	815	2,018	747	1,239	—	851
Total fixed assets (net)	11,174	8,596	9,389	17,246	14,625	15,639	19,260	12,675
Other assets:								
Long term investments	—	561	388	—	132	81	1,990	490
Other assets	668	361	456	1,093	3	425	59	396
Total other assets	668	922	844	1,093	135	506	2,049	886
Total assets	17,124	15,954	16,314	31,216	26,811	28,516	45,947	24,039
Liabilities								
Current liabilities:								
Accounts and notes payable	2,288	2,320	2,310	5,654	3,309	4,217	14,837	4,515
Fixed liabilities:								
Mortgages on fixed assets used in business	2,074	1,396	1,605	9,183	2,487	5,079	6,826	3,398
Mortgages on fixed assets not used in business	—	39	27	755	806	786	—	271
Total fixed liabilities	2,074	1,435	1,632	9,938	3,293	5,865	6,826	3,669
Other liabilities	2,472	58	801	334	588	490	167	619
Total liabilities	6,834	3,813	4,743	15,926	7,190	10,572	21,830	8,803
Net worth: Proprietor's or partners' equity in the business	10,290	12,141	11,571	15,290	19,621	17,944	24,117	15,236
Total liabilities and net worth	17,124	15,954	16,314	31,216	26,811	28,516	45,947	24,039
Average net sales of garages reporting	36,001	29,673	31,620	67,083	72,968	70,690	142,740	58,409
Number of garages reporting	16	36	52	12	19	31	12	45

TABLE 6. Garages - Rented - Financial Structure by Size and Age of Business, as at December 31, 1954

Item	Garages with annual net sales of					Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000- \$99,999	\$100,000 and over	
	Under 10 years	10 years and over	Total			
(average per store)						
Assets						
Current assets:						
Cash on hand and in bank	1,451	1,684	1,582	3,859	5,240	2,839
Accounts and notes receivable (net)	1,899	1,902	1,900	3,592	10,492	3,879
Merchandise inventory	1,602	2,493	2,101	4,400	4,493	3,139
Other current assets	31	1,331	759	337	3,014	1,048
Total current assets	4,983	7,410	6,342	12,188	23,239	10,905
Fixed assets (net):						
Used in the business	1,522	3,144	2,431	2,548	9,565	3,730
Not used in the business	330	334	332	83	125	229
Total fixed assets (net).....	1,852	3,478	2,763	2,631	9,690	3,959
Other assets:						
Long term investments	—	29	16	33	4,638	851
Other assets	1	2	2	733	1,863	528
Total other assets	1	31	18	766	6,551	1,379
Total assets	6,836	10,919	9,123	15,585	39,480	16,243
Liabilities						
Current liabilities:						
Accounts and notes payable	1,503	2,142	1,661	4,928	7,897	3,752
Fixed liabilities:						
Mortgages on fixed assets used in business	—	125	70	—	—	39
Mortgages on fixed assets not used in business	—	—	—	358	—	95
Total fixed liabilities	—	125	70	358	—	134
Other liabilities	—	85	47	1,945	393	615
Total liabilities	1,503	2,352	1,978	7,231	8,290	4,501
Net worth: proprietor's or partners' equity in the business	5,333	8,567	7,145	8,354	31,190	11,742
Total liabilities and net worth	6,836	10,919	9,123	15,585	39,480	16,243
Average net sales of garages reporting	31,443	31,898	31,698	66,562	160,944	63,972
Number of garages reporting	11	14	25	12	8	45