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CANADA

OPERATING RESULTS AND FINANCIAL STRUCTURE OF FILLING STATIONS AND GARAGES

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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

- 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 Store Chains, 25¢
 - 3 Operating Results of Furniture Store Chains, 25¢
- K — Operating Results of Independent Food Stores, 25¢
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- N — Operating Results of Filling Stations and 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 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 1956.

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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.

Purchases – are taken at invoice value less returns and allowances cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, etc.

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).

Delivery – 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.), and amount paid for contract delivery.

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, including rentals of warehouses and garages, etc.

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

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.

Office and 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.

Non-trading income – interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense – interest expense, rental expense, any other expense not pertaining to the business.

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 cost 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 (usually one year) 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, 1956

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. This 1956 report, for the first time, shows information on "other income" and "other expense". The segregation of these improves the quality of the ratios for net operating profit in that there is little chance of a "net" of these two items being included in operating profit.

Balance sheet data, which were introduced in 1948, are continued in this 1956 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

This survey of unincorporated independent service stations covers only establishments selling mainly gas, oil, parts and accessories, tires and tubes, and also performing service and repairs. The sale of gas and oil must constitute 67% or more of total net sales.

Ratios and averages for these establishments were presented for both profit and loss and balance sheet. Reports used in this study numbered 341 (113 owned 228 rented stations). A slightly smaller

number was used for the balance sheet tabulation, due to the fact that establishments in the lowest sales-sizes were not required to furnish the balance sheet information. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes", the different sales-size ratios were com-

bined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size filling stations so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large establishment operation. The use of weighting gives proper importance to small firm operations so that the ratios shown in the summary table below more truly represent the trade total.

Filling stations operated on a slightly lower gross profit ratio in 1956 than they did in 1954, less than one half of one per cent. The total operating expense ratio increased almost one per cent over the last (1954) survey. The marginal profit decline intensified by the expense ratio increase, contributed to the net operated profit decrease in 1956. The remaining profit before deduction of proprietors' salaries and income tax was 6.97 per cent this year against 7.10 per cent in 1954.

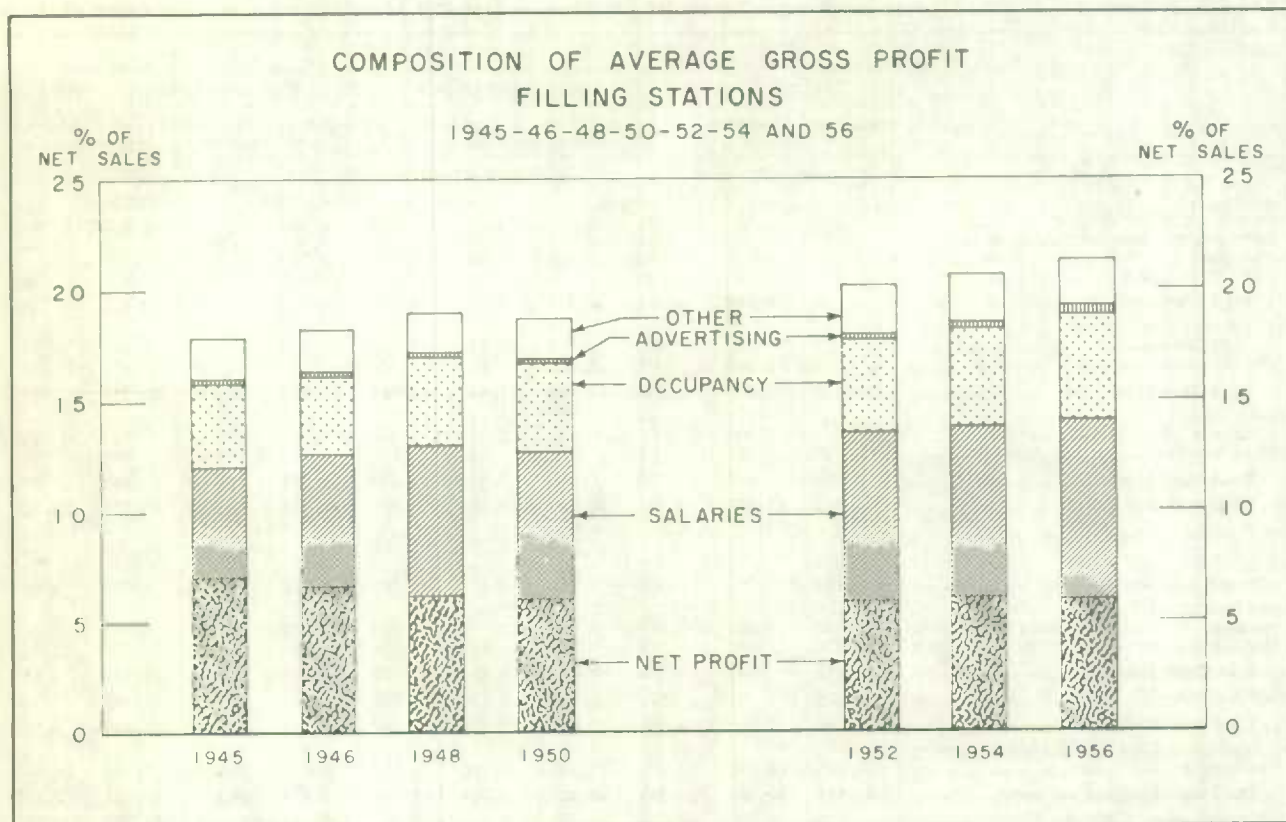
TABLE 1. Operating Results of Filling Stations 1954 and 1956 Compared

Item	1954	1956
	(per cent of net sales)	
Gross Profit	20. 80	20. 76
Operating expenses:		
Employees' salaries	6. 61	6. 35
Occupancy	4. 64	4. 88
Office and store Supplies	0. 32	0. 30
Advertising	0. 28	0. 31
All other expenses	1. 85	1. 95
Total operating expenses	13. 70	13. 79
Net operating profit before deduction of proprietors' salaries and income tax	7. 10	6. 97

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stations. They do not agree with ratios shown in historical tables.

TABLE 2. Filling Stations — Balance Sheet Ratios as at December 31.

Item 1		Owned	Rented
Current Ratio	1948	3. 17	3. 66
	1950	2. 36	3. 33
	1952	3. 71	3. 22
	1954	2. 83	2. 92
	1956	2. 45	3. 25
Liquidity ratio	1952	2. 42	2. 11
	1954	1. 99	1. 95
	1956	1. 73	2. 08
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
	1956	0. 30	0. 62
Worth Debt ratio	1948	3. 57	3. 33
	1950	2. 17	2. 56
	1952	2. 82	2. 59
	1954	2. 52	2. 24
	1956	1. 88	2. 07
Turnover of total capital employed	1952	3. 14	8. 76
	1954	3. 45	8. 18
	1956	3. 21	7. 89

**TABLE 3. Independent Filling Stations — Operating Results by Annual Sales Volume and Occupancy Basis 1956**

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.....	13	47	35	16	35	116	77
Average net sales per station.....\$	15,647	34,474	74,706	184,577	36,465	74,230	152,999
Average beginning inventory.....\$	1,722	1,343	2,415	4,090	1,647	2,198	4,043
Average inventory, end of year.....\$	1,800	1,348	2,906	4,114	1,892	2,409	4,637
Average cost of goods sold.....\$	12,673	28,118	59,295	149,897	28,241	57,868	119,446
Stock turnover (times per year).....	—	—	—	—	—	—	—
Profit and loss data (Per cent of net sales)							
Gross profit	19.01	18.44	20.63	18.79	22.55	22.04	21.83
Operating expenses:							
Executives' and employees' salaries and wages etc. except delivery).....	0.94	3.45	7.53	8.10	5.55	7.66	9.70
Occupancy expenses:							
Taxes.....	0.80	0.83	0.62	0.43	0.35	0.30	0.31
Insurance.....	0.70	0.47	0.41	0.27	0.36	0.31	0.27
Rent.....	—	—	—	—	3.60	2.92	2.68
Heat, light and power.....	1.82	1.13	0.79	0.58	1.02	0.85	0.63
Repairs and maintenance.....	1.00	0.78	0.57	0.49	0.34	0.33	0.32
Depreciation allowances.....	0.49	1.66	1.18	1.20	0.62	0.57	0.55
Total occupancy expenses	4.81	4.87	3.57	2.97	6.29	5.28	4.76
Office and store supplies.....	0.46	0.21	0.27	0.16	0.30	0.35	0.32
Advertising.....	0.38	0.19	0.26	0.35	0.29	0.34	0.45
Net loss on bad debts.....	0.21	0.08	0.29	0.11	0.15	0.11	0.09
All other expenses.....	2.16	1.85	1.71	1.94	2.01	1.67	1.71
Total operating expenses	8.96	10.65	13.63	13.63	14.59	15.41	17.03
Net operating profit	10.05	7.79	7.00	5.16	7.96	6.63	4.80
Non-trading income.....	0.64	0.83	0.54	0.52	0.20	0.22	0.13
Non-trading expense.....	—	0.09	0.12	—	0.15	0.07	0.02
Net profit before deduction of proprietors' salaries and income tax	10.69	8.53	7.42	5.68	8.01	6.78	5.01

TABLE 4. Independent Filling Stations - Owned - Financial Structure by Size and Age of Business as at December 31, 1956

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 station)											
Assets											
Current assets:											
Cash on hand and in bank	1,217	2,874	2,364	2,787	4,049	3,743	4,098	3,749	3,902	3,161	
Accounts and notes receivable (net).....	1,128	576	746	3,694	3,048	3,205	5,931	4,748	5,266	2,490	
Merchandise inventory	1,113	1,518	1,393	3,395	2,958	3,064	3,351	4,706	4,113	2,514	
Other current assets	424	220	283	—	504	392	412	809	635	384	
Total current assets	3,882	5,188	4,786	9,876	10,559	10,394	13,792	14,012	13,916	8,549	
Fixed assets (net):											
Used in the business	16,919	5,386	8,935	15,690	10,634	11,859	37,919	32,466	34,851	14,744	
Not used in the business	667	1,009	903	2,049	802	1,105	—	7,009	3,943	1,531	
Total fixed assets (net)	17,586	6,395	9,838	17,739	11,436	12,964	37,919	39,475	38,794	16,275	
Other assets:											
Long term investments	—	—	—	616	2,652	2,158	429	—	187	844	
Other assets	83	104	97	—	231	175	534	—	234	151	
Total other assets	83	104	97	616	2,883	2,333	963	—	421	995	
Total assets	21,551	11,687	14,721	28,231	24,878	25,691	52,674	53,487	53,131	25,819	
Liabilities											
Current liabilities:											
Accounts and notes payable	2,570	747	1,308	3,197	3,052	3,087	7,811	11,094	9,658	3,493	
Fixed liabilities:											
Mortgages on fixed assets used in business	6,093	682	2,347	8,534	1,781	3,418	10,862	6,927	8,649	3,894	
Mortgages on fixed assets not used in business	375	—	115	780	305	420	—	4,075	2,292	626	
Total fixed liabilities	6,468	682	2,462	9,314	2,086	3,838	10,862	11,002	10,941	4,520	
Other liabilities	1,458	61	491	1,054	452	599	5,045	1,139	2,848	960	
Total liabilities	10,496	1,490	4,261	13,565	5,590	7,524	23,718	23,235	23,447	8,973	
Net worth: Proprietor's or partners' equity in the business	11,055	10,197	10,460	14,666	19,288	18,167	28,956	30,252	29,684	16,846	
Total liabilities and net worth	21,551	11,687	14,721	28,231	24,878	25,691	52,674	53,487	53,131	25,819	
Average net sales of stations reporting	37,630	35,004	35,812	76,256	76,110	76,145	215,880	180,230	184,577	77,985	
Number of stations reporting	12	27	39	8	25	33	7	9	16	88	

TABLE 5. Independent Filling Stations - Rented - Financial Structure by Size and Age of Business as at December 31, 1956

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 station)										
Assets										
Current assets:										
Cash on hand and in bank	1,038	1,566	1,256	1,398	2,952	2,153	2,519	4,110	3,347	2,454
Accounts and notes receivable (net).....	1,076	1,250	1,148	1,947	2,059	2,001	3,125	4,079	3,621	2,460
Merchandise inventory	1,359	2,744	1,933	2,583	2,282	2,437	4,595	4,719	4,659	3,158
Other current assets	104	788	387	286	713	494	675	1,290	995	657
Total current assets	3,577	6,348	4,724	6,214	8,006	7,085	10,914	14,198	12,622	8,729
Fixed assets (net):										
Used in the business	1,473	1,791	1,604	2,590	1,817	2,214	3,393	4,538	3,989	2,761
Not used in the business	529	583	552	1,822	3,156	2,470	1,225	2,922	2,107	2,077
Total fixed assets (net)	2,002	2,374	2,156	4,412	4,973	4,684	4,618	7,460	6,096	4,838
Other assets:										
Long term investments	90	—	52	734	307	527	—	1,559	810	562
Other assets	364	—	214	312	113	215	1,000	52	507	319
Total other assets	454	—	266	1,046	420	742	1,000	1,611	1,317	881
Total assets	6,033	8,722	7,146	11,672	13,399	12,511	16,532	23,269	20,035	14,448
Liabilities										
Current liabilities:										
Accounts and notes payable	1,370	1,072	1,246	2,292	2,309	2,300	4,334	3,274	3,783	2,682
Fixed liabilities:										
Mortgages on fixed assets used in business	14	233	105	169	842	496	957	1,250	1,110	661
Mortgages on fixed assets not used in business	—	—	—	816	58	448	157	1,070	631	451
Total fixed liabilities	14	233	105	985	900	944	1,114	2,320	1,741	1,112
Other liabilities	1,242	1,255	1,247	1,016	852	936	838	653	742	910
Total liabilities	2,626	2,560	2,598	4,293	4,061	4,180	6,286	6,247	6,266	4,704
Net worth: Proprietor's or partners' equity in the business										
	3,407	6,162	4,548	7,379	9,338	8,331	10,246	17,022	13,769	9,744
Total liabilities and net worth	6,033	8,722	7,146	11,672	13,399	12,511	16,532	23,269	20,035	14,448
Average net sales of stations reporting	37,481	34,944	36,431	76,229	73,035	74,677	141,071	165,999	154,033	97,628
Number of stations reporting	17	12	29	55	52	107	36	39	75	211

INDEPENDENT GARAGES

This survey of independent garages covers only establishments engaged in making repairs or performing other services in addition to the sale of gas, oil, accessories and parts. Either one of the following two requirements must be fulfilled:

- (a) Receipts from repair work and other services must constitute 25% to 50% of total trade, if exceeding 50% not classified as a garage.
- (b) 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.

Authorized motor vehicle dealers are not included.

Ratios and averages for unincorporated garages are presented for both profit and loss and balance sheet. Reports used in this study numbered 194 (124 owned and 70 rented garages). A slightly smaller number was used for the balance sheet tabulation, due to the fact that garages in the lowest sales sizes were not required to furnish the balance sheet information. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes", the different sales-size ratios were combined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size garages so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large establishment operation. The use of weighting gives proper importance to small firm operations so that the ratios shown in the summary table below more truly represent the trade total.

Garages operated on a higher gross profit ratio in 1956 than they did in 1954, nearly a three per cent marginal gain. Total operating expenses also increased over 1954, an increase of more than two per cent, which was not enough to offset the initial profit; the result was a net operating profit gain of approximately one per cent. The net profit before deduction of proprietors' salaries and income tax was 9.45 per cent in 1954 and 10.27 per cent this year.

TABLE 6. Operating Results of Garages, 1954 and 1956 Compared

Item	1954	1956
	(per cent of net sales)	
Gross Profit	30. 59	33. 56
Operating expenses:		
Employees' salaries	11. 40	12. 88
Occupancy	5. 70	6. 17
Office and store supplies	0. 44	0. 43
Advertising	0. 36	0. 44
All other expenses	3. 24	3. 37
Total operating expenses	21. 14	23. 29
Net operating profit before deduction of proprietors' salaries and income tax	9. 45	10. 27

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent garages. They do not agree with ratios shown in historical tables.

TABLE 7. Garages — Balance Sheet Ratios as at December 31

Item ¹		Owned	Rented
Current ratio	1948	2.43	3.22
	1950	2.16	2.07
	1952	2.88	2.65
	1954	2.32	2.91
	1956	2.61	3.55
Liquidity ratio	1952	1.79	1.84
	1954	1.39	2.07
	1956	1.56	2.63
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
	1956	0.38	0.57
Worth debt ratio	1948	2.44	2.70
	1950	1.79	1.37
	1952	2.05	2.24
	1954	1.73	2.61
	1956	1.62	2.51
Turnover of total capital employed	1952	2.54	4.16
	1954	2.52	3.99
	1956	2.21	3.92

1. Ratio definitions are shown on page 6.

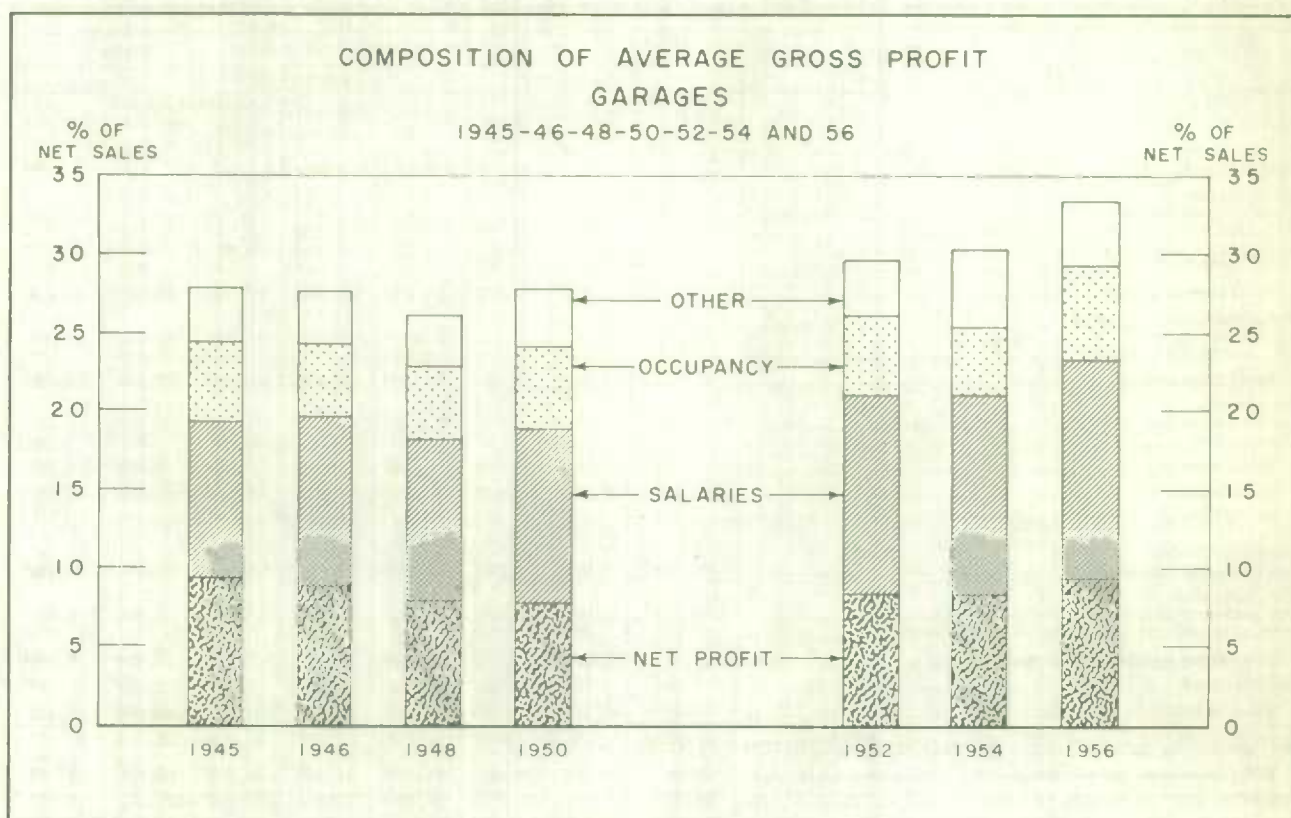


TABLE 8. Independent Garages — Operating Results by Annual Sales Volume and Occupancy Basis 1956

Item	Owned garages with annual net sales of					Rented garages with annual net sales of			
	Under \$10,000	\$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	13	20	53	27	11	8	34	16	9
Average net sales per garage \$	7,738	16,106	32,856	72,142	131,952	15,461	34,517	67,156	167,715
Average beginning inventory \$	867	2,145	2,595	4,406	10,390	524	1,875	3,007	4,076
Average inventory, end of year \$	804	2,254	2,654	4,513	10,328	523	1,895	2,984	5,132
Average cost of goods sold \$	4,552	10,311	21,993	50,287	85,894	8,750	21,373	45,971	114,307
Stock turnover (times per year)	5.45	4.69	8.38	11.28	8.29	16.71	11.34	15.35	24.83
Profit and loss data (per cent of net sales)									
Gross profit	41.17	35.98	33.06	30.29	34.90	43.41	38.08	31.54	31.84
Operating expenses:									
Executives' and employees' salaries and wages etc. (except delivery)	1.76	8.52	10.94	14.63	18.72	5.71	12.54	13.53	16.49
Occupancy expenses:									
Taxes	2.09	1.06	1.14	0.78	0.78	0.73	0.46	0.30	0.24
Insurance	1.00	0.96	0.92	0.60	0.91	0.67	0.65	0.48	0.44
Rent	—	—	—	—	—	4.13	3.43	2.96	2.09
Heat, light and power	2.91	2.03	1.59	0.99	1.06	1.56	1.17	0.90	0.68
Repairs and maintenance	0.64	0.84	0.92	0.44	0.55	0.54	0.85	0.46	0.45
Depreciation allowances	2.75	1.41	2.57	1.91	1.25	1.94	1.12	0.98	0.84
Total occupancy expenses	9.39	6.30	7.14	4.72	4.55	9.57	7.68	6.10	4.74
Office and store supplies	0.76	0.35	0.39	0.45	0.46	0.44	0.39	0.50	0.49
Advertising	0.32	0.25	0.38	0.34	0.71	0.18	0.49	0.38	0.85
Net loss on bad debts	0.08	0.18	0.24	0.43	0.61	0.16	0.21	0.31	0.31
All other expenses	5.12	3.66	3.04	2.59	3.46	4.21	3.32	1.59	2.29
Total operating expenses	17.43	19.26	22.13	23.16	28.51	20.27	24.63	22.41	25.17
Net operating profit	23.74	16.72	10.93	7.13	6.39	23.14	13.45	9.13	6.67
Non-trading income	4.81	0.51	0.88	0.60	0.27	—	0.25	0.09	0.29
Non-trading expense	0.04	0.06	0.30	0.29	—	—	0.05	—	0.05
Net profit before deduction of proprietors' salaries and income tax	28.51	17.17	11.51	7.44	6.66	23.14	13.65	9.22	6.91

TABLE 9. Independent Garages — Owned — Financial Structure by Size and Age of Business as at December 31, 1956

Item	Garages with annual net sales of							
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	Total all sizes \$20,000 and over
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
Assets	(average per garage)							
Current assets:								
Cash on hand and in bank	806	1,841	1,562	4,929	1,972	2,769	2,563	2,039
Accounts and notes receivable (net)	1,981	1,731	1,798	4,183	5,020	4,794	10,727	3,777
Merchandise inventory	2,127	2,879	2,677	3,729	4,840	4,541	10,328	4,167
Other current assets	731	415	500	175	134	145	829	437
Total current assets	5,645	6,866	6,537	13,016	11,966	12,249	24,447	10,420
Fixed assets (net):								
Used in the business	15,554	10,299	11,713	20,946	12,460	14,745	23,331	14,035
Not used in the business	2,178	1,915	1,986	1,143	676	802	3,818	1,866
Total fixed assets (net)	17,732	12,214	13,699	22,089	13,136	15,547	27,149	15,901
Other assets:								
Long term investments	—	512	375	69	53	62	6,715	1,067
Other assets	70	2	20	—	366	268	899	201
Total other assets	70	514	395	89	419	330	7,614	1,268
Total assets	23,447	19,594	20,631	35,194	25,521	28,126	59,210	27,589
Liabilities								
Current liabilities:								
Accounts and notes payable	2,400	1,616	1,827	2,859	3,711	3,482	15,465	3,996
Fixed liabilities:								
Mortgages on fixed assets used in business	5,952	1,748	2,880	11,933	3,132	5,501	12,430	4,826
Mortgages on fixed assets not used in business	581	661	639	—	—	—	—	373
Total fixed liabilities	6,533	2,409	3,519	11,933	3,132	5,501	12,430	5,199
Other liabilities	884	634	702	4,184	1,312	2,085	2,569	1,337
Total liabilities	9,817	4,659	6,048	18,976	8,155	11,068	30,464	10,532
Net worth: Proprietor's or partners' equity in the business	13,630	14,935	14,583	16,218	17,366	17,058	28,746	17,057
Total liabilities and net worth	23,447	19,594	20,631	35,194	25,521	28,126	59,210	27,589
Average net sales of garages reporting	34,913	32,372	33,057	69,960	73,567	72,596	131,952	56,830
Number of garages reporting	14	38	52	7	19	26	11	89

TABLE 10. Independent Garages - Rented - Financial Structure by Size and Age of Business as at December 31, 1956

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	Under 10 years	10 years and over	Total		
(average per garage)								
Assets								
Current assets:								
Cash on hand and in bank	1,370	2,131	1,669	3,372	3,113	3,234	6,864	2,944
Accounts and notes receivable (net)	1,650	3,193	2,256	2,943	4,761	3,913	10,575	4,048
Merchandise inventory	1,198	2,563	1,734	3,549	2,745	3,120	5,498	2,732
Other current assets	5	1,952	770	2,284	—	1,066	229	772
Total current assets	4,223	9,839	6,429	12,148	10,619	11,333	23,166	10,496
Fixed assets (net):								
Used in the business	3,997	2,057	3,235	2,862	2,679	2,764	13,759	4,748
Not used in the business	1,671	2,173	1,868	1,000	—	467	4,134	1,811
Total fixed assets (net)	5,668	4,230	5,103	3,862	2,679	3,231	17,893	6,559
Other assets:								
Long term investments	—	18	7	1,000	—	467	6,928	1,228
Other assets	146	—	89	388	725	567	—	216
Total other assets	146	18	96	1,388	725	1,034	6,928	1,444
Total assets	10,037	14,087	11,628	17,398	14,023	15,598	47,987	18,499
Liabilities								
Current liabilities:								
Accounts and notes payable	1,588	2,415	1,913	2,704	1,787	2,215	8,001	2,957
Fixed liabilities:								
Mortgages on fixed assets used in business	1,388	68	869	—	—	—	1,191	664
Mortgages on fixed assets not used in business	524	—	318	—	—	—	2,750	606
Total fixed liabilities	1,912	68	1,187	—	—	—	3,941	1,270
Other liabilities	146	628	336	526	1,358	970	3,661	1,044
Total liabilities	3,646	3,111	3,436	3,230	3,145	3,185	15,803	5,271
Net worth: Proprietor's or partners' equity in the business	6,391	10,976	8,192	14,168	10,878	12,413	32,384	13,228
Total liabilities and net worth	10,037	14,087	11,628	17,398	14,023	15,598	47,987	18,499
Average net sales of garages reporting	38,626	34,257	35,696	63,883	69,204	66,721	167,114	65,436
Number of garages reporting	17	11	28	7	8	15	8	51

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