GOVERNMENT OF CANADA

OPERATING RESULTS
AND
FINANCIAL STRUCTURE
RETAIL FOOD STORES
1948

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DOLLARS OMIT CENTS

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DOLLARS OMIT CENTS

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A WORKING PROPRIETOR HAS BOTH AN OWNERSHIP INTEREST IN THE BUSINESS AND SPENDS PART OR ALL OF HIS OR HER TIME IN ITS MANAGEMENT.
NOTE: EMPLOYEES WORKING FOR ONLY PART OF THE REGULAR AND NORMAL PAY PERIOD ARE PART-TIME EMPLOYEES. IF BUSINESS IS INCORPORATED, WORKING EXECUTIVES AND OFFICIALS SHOULD BE INCLUDED IN SECTION 4, ITEM 8.

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		DOLLARS OMIT CENTS
	CASH ON HAND OR IN BANK	
CURRENT ASSETS	(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
	CASH ON HAND OR IN BANK	
CURRENT ASSETS	(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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	TOTAL LIABILITIES AND NET WORTH	

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		DOLLARS OMIT CENTS
(IN ORDER TO PROVIDE COMPARABLE FIGURES FROM YEAR TO YEAR, PLEASE STATE YOUR TOTAL SALES. (SALES FOR 1948 SHOULD AGREE WITH AMOUNT GIVEN IN SECTION 4, ITEM 1)	TOTAL SALES FOR 1948	
	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 companiee 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.

OPERATIONS AND FINANCIAL STRUCTURE OF RETAIL FOOD STORES, 1948

INTRODUCTION

This report, presenting the operating results of independent retail food stores 1948, continues the series of bulletins published in 1944, 1945 and 1946. The survey is based upon operating statements contributed by a sample of firms throughout the country. The five trades covered are grocery stores, combination stores, meat markets, fruit and vegetable stores and confectionery stores.

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

These studies do not attempt to deal with methods of operation or their possible improvement but present operating and financial statement 'averages' for independent retail trades by size and occupancy classes. No regional analysis has been made, the sample of responding firms having been designed to produce national averages. Chain stores are dealt with in a separate survey, alternated each year with the studies on independent stores.

USE OF OPERATING AND FINANCIAL RATIOS

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

PROFIT AND LOSS

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

what is an adequate profit for his line of business;

what amount of inventory should be carried and how many times a year should it be turned over;

what proportion of sales should be paid out in wages to employees in proportion to his size of business;

what part of sales should be spent on other operating expenses?

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

Certain refinements in expense items have been made which makes comparisons between 'delivery expense' and 'other' expenses unsatisfactory. This year delivery expense has been itemized. Previous bulletins contained delivery expense in the other expense items; i.e. truck insurance and licences were with property insurance and taxes, truck repairs and depreciation with real estate repairs and depreciation, gas and oil with store supplies, and delivery salaries with store salaries. This year's seggregation of delivery expense leaves these other items more truly as defined but distorts comparison of these expense items with previous years' ratios.

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 stand 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. Owner's net worth or equity in the business

3. Potential productivity of the business

Important ratios from the Balance Sheet are:

1. Current assets to current liabilities often called the current ratio. This ratio indicates the ability of the business to meet its current obligations out of current assets. Its changes indicate whether a business is gaining or losing working capital.

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

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

4. Liabilities to Net Worth shows the relationship between total debt and owned capital. This ratio may be fluctuate because of seasonal buying with higher liabilities while net worth remained uniform.

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

VELOCITY RATIOS

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

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

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

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

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

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

Assistance and guidance from the Canadian Retail Federation toward the completion of this survey is gratefully acknowledged.

COMPARISON OF MAIN ITEMS BY TRADES......

GROSS AND NET PROFIT ....

Operating results for 1948 reveal a general decline in the proportion of net profit to sales. Fruit and vegetable stores showed the same net profit as in 1946 but all other food stores dropped 0.3 to 0.4 per cent. Grocery, combination and meat trades operated on narrower gross margins in 1948 while fruit and vegetable stores and confectionery stores increased their gross profit. From war-time highs in net profit, the food stores surveyed have turned toward pre-war levels.

Confectioneries operated on the highest average gross profits and earned the largest average net profits. Gross profits of grocery stores were lowest and the smallest net profits were earned by combination stores. These comparisons are in ratio to net sales. In actual dollars, because of average size of business, confectionery stores earned for the proprietor the smallest net profit ($1,839) while combination stores produced an average net profit of $3,193.

GROSS PROFITS AND NET PROFITS - 1938, 1941, 1944, 1945, 1946, 1948

Year	GROCERY		COMBINATION		MEAT		FRUIT AND VEGETABLE		CONFECTIONERY	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
1938 .	16.0	4.5	17.4	4.1	22.4	5.6	(NOT AVAILABLE)			
1941 .	15.2	5.7	16.9	5.2						
1944 .	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945 .	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946 .	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8
1948 .	14.0	5.7	14.6	4.4	16.6	5.5	17.5	6.5	19.1	8.5

AVERAGE INVENTORIES AND STOCK TURNOVER ....

Combination stores maintained the greatest inventories and meat markets the lowest. The rate of turnover declined in all trades except meats where, due to the perishable nature of the main commodity handled, accumulation of more stock is not feasible. During previous years, many lines of goods were in short supply and were sold as soon as received thus increasing the rate of stock turn.

All trades stocked a greater dollar volume of merchandise at the end of 1948 than at the beginning and far exceeded that held in earlier years.

BEGINNING AND ENDING INVENTORIES AND STOCK TURNOVER - 1938, 1941, 1945, 1946, 1948

Year	GROCERY			COMBINATION			MEAT		
	Beginning Inventory	Ending Inventory	Stock turnover (*)	Beginning Inventory	Ending Inventory	Stock turnover (*)	Beginning Inventory	Ending Inventory	Stock turnover (*)
	$	$		$	$		$	$	
1938 .	2,570	2,472	9.9	2,275	2,265	13.0	732	723	31.0
1941 .	2,636	2,979	7.9	2,046	2,324	13.0	(not available)		
1945 .	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946 .	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2
1948 .	3,389	3,423	10.6	4,460	4,520	13.8	1,249	1,398	37.4

Year	FRUIT AND VEGETABLE			CONFECTIONERY		
	Beginning Inventory	Ending Inventory	Stock turnover (*)	Beginning Inventory	Ending Inventory	Stock turnover (*)
	$	$		$	$	
1945 .	1,212	1,283	26.2	970	1,030	15.3
1946 .	1,278	1,418	24.6	1,117	1,352	13.0
1948 .	1,682	1,868	19.2	1,410	1,487	12.1

(*) Times per year.

AVERAGE OPERATING EXPENSES ....

The largest single item of operating expense was salaries paid to employees. In a comparison of the salary and wage expense for the five trades, meat markets reported the highest at 5.04 per cent of net sales reflecting the extra handling required for meats. Combination stores which sell sizeable amounts of meat merchandise spent a slightly lower ratio, at 4.89 per cent while other kinds of food stores averaged well under 4.0 per cent salary and wage expense.

Occupancy cost was highest proportionately in fruit and vegetable and confectionery stores. This cost includes taxes, insurance, rent, heat, light and power, repairs and maintenance and depreciation. The high ratio of 4.89 per cent in confectioneries includes 1.17 per cent for light, heat and power, an amount double the proportion spent by the other trades, which is due in part to being open in the evenings. Fruit and vegetable stores used more supplies and spent more on delivery expense proportionately than the other trades.

AVERAGE OPERATING EXPENSES 1948 (Per cent of net sales)

Expense Item	Grocery	Combination	Meat Markets	Fruit and Vegetable	Confectionery
Salaries (except delivery) .	3.33	4.89	5.04	3.48	3.89
Occupancy	2.47	2.34	2.70	3.85	4.89
Delivery	.96	1.26	1.20	1.63	.08
Store supplies	.54	.61	.91	1.11	.55
All other	1.02	1.05	1.23	.94	1.18
TOTAL	8.32	10.15	11.08	11.01	10.59

FINANCIAL POSITION ....

Owned and rented stores were separated for all balance sheet data because of the greater amount of fixed assets in owned stores balanced by a greater net worth. All trades averaged a favorable ratio of current assets to current liabilities. A good average is generally considered as 2 to 1. In 1948 this relationship in food stores ranged from 2.18 to 3.28.

In all categories the average proprietor's net worth was more than twice his total liabilities. Owners of the property in which their business was conducted had between 30¢ and 39¢ total liabilities for every $1.00 of net worth. Proprietors of rented businesses, having smaller average net worth, averaged between 37¢ and 49¢ liabilities for every $1.00 of net worth with meat markets having the highest ratio.

Investment in business property gives owners a greater amount of non-current (mainly fixed) assets which is balanced by a greater net worth. This is reflected in the lower ratio of sales to net worth and to non-current assets for owned businesses as compared with the rented class. In both occupancy groups and for both of the above ratios confectionery stores were in the poorest position. Meat markets produced the greatest amount of sales per $1.00 of net worth while owned combination stores and rented fruit and vegetable stores utilized their fixed assets to best advantage in relation to sales made.

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

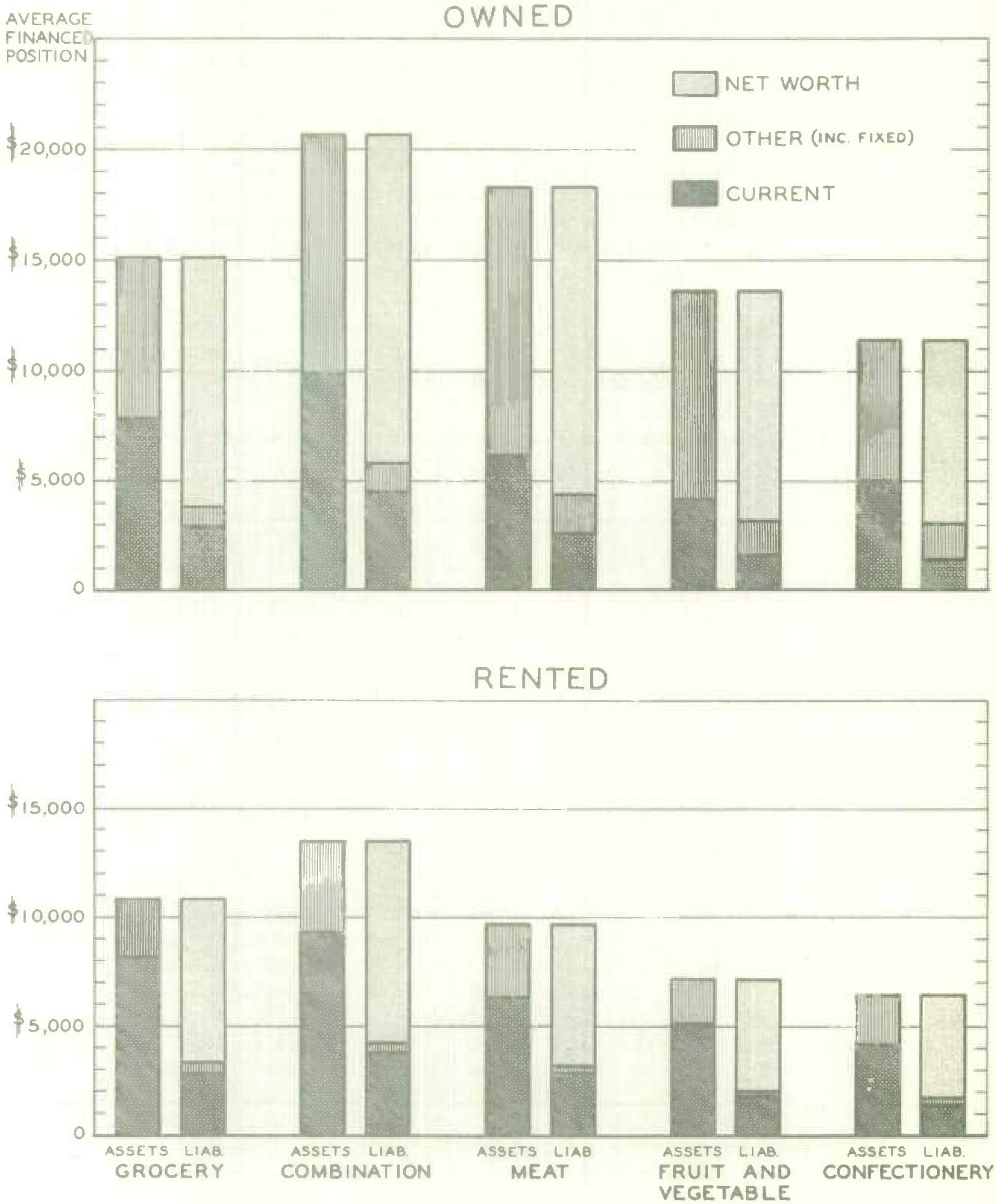
Ratio	Grocery Stores	Combination Stores	Meat Markets	Fruit and Vegetable Stores	Confectionery Stores
			OWNED		
Current assets to current liabilities	2.65	2.18	2.36	2.45	3.28
Current assets to fixed assets	1.10	.95	.55	.47	.79
Net quick assets to net worth	.43	.36	.26	.24	.42
Liabilities to net worth	.34	.39	.32	.30	.37
Sales to net worth	4.43	5.44	5.54	4.76	3.92
Sales to non-current assets	6.83	7.50	6.36	5.28	5.11
Net profit to net worth	.24	.24	.27	.32	.51
			RENTED		
Current assets to current liabilities	2.90	2.47	2.13	2.84	2.93
Current assets to fixed assets	3.72	2.46	1.99	2.83	2.38
Net quick assets to net worth	.71	.60	.49	.63	.59
Liabilities to net worth	.44	.46	.49	.38	.37
Sales to net worth	7.95	9.08	10.95	9.54	6.84
Sales to non-current assets	22.55	20.25	19.47	23.87	14.40
Net profit to net worth	.42	.39	.61	.60	.87

CHART I.

COMPARISON OF FINANCIAL STRUCTURE BY TRADES

AVERAGE FINANCIAL POSITION DECEMBER 31, 1948

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



SUMMARIES, CHARTS AND TABLES BY TRADES.

1. GROCERY STORES

Stores included in this category are those commonly known as grocery stores. Other related commodities may be handled in small proportions. If fresh meats are handled in excess of 20% the business is classed as a combination store. After careful editing of the reports received, 940 usable reports from independent unincorporated firms were tabulated to give the results in the following tables.

Profit and loss data are presented for owned and rented classes within five sales-size groups. Balance sheet results (from 460 firms) are shown for the three largest sales-size groups broken down by age where possible. A number of firms reported the profit and loss statement but not the balance sheet so that direct comparison between the two cannot be made. To obtain comparable velocity ratios, sales and net profit were tabulated for the firms reporting only balance sheet data.

The operating results for 1948 and financial position of grocery stores at December 31, 1948 are summarized as follows:

1. The average grocery store realized a gross profit of 14.0 per cent in 1948, slightly smaller than in previous years. Operating expenses remained the same as in 1946 to leave a net trading profit of 5.7 per cent. Because of the increase in the average dollar volume of sales this smaller ratio of net profit actually represents a larger dollar volume of profit than in previous years. (Table 1, page 16)

2. From small to large sized businesses there was a trend of decreasing ratios for gross profit, taxes, insurance, heat, light and power, rent, bad debts and net profit in 1948. Salaries, delivery expense and advertising expenses increased in ratio with expanding sales and the greater salary expense in the larger size classes offset other decreases to give greater total expenses. (Table 2, page 18)

3. The rate of stock turnover ranged from 6.43 times a year in the smallest owned group to 12.07 times in the largest sized rented group of stores. The overall dollar volume of stock was slightly greater at the end of the year than at the beginning. (Table 2, page 18)

4. The average grocery over $20,000 annual net sales operating in owned premises had $2.65 current assets to meet every $1.00 current liabilities. This ratio ranged from 3.14 in the smallest size to 1.79 in the largest. Within size brackets, businesses in operation 10 years and over were in a more favourable position with respect to current assets over current liabilities than were businesses under

10 years. This same relationship existed between the respective groups of rented stores. (Table 3, page 19)

5. In owned stores there was $1.10 invested in current assets to every $1.00 invested in fixed assets. In rented stores where fixed assets include only fixtures and equipment, current assets to fixed assets were in the ratio of 3.72 to 1. (Tables 3 & 4 pages 19 & 20)

6. Every $1.00 of owners equity or net worth in the owned group produced, on the average, $4.43 sales during the year. This ratio increased with greater volume of sales ranging over the three sizes from 3.61 to 6.97. The greater net worth of older businesses is evidenced in a smaller ratio of sales to net worth than exists in firms with less than 10 years operations.

   Rented stores reflect the absence of real estate investment by producing an average ratio of sales to net worth of 7.95. This ratio followed a trend over the different size and age groups similar to that for owned stores. (Tables 3 & 4, pages 19 & 20)

7. In owned stores, sales to the amount of $6.83 were made on every $1.00 invested in non-current (principally fixed) assets. In rented stores, with no real estate investment, this ratio jumped to 22.55

   A better utilization of fixed assets was shown by the larger sized businesses, both owned and rented, and also within sizes by the older firms where this ratio was increased.

More detail on profit and loss information, balance sheet ratios and averages is shown in the tables following.

Table 1. - Operating Results of Independent Retail Grocery Stores 1944 - 1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	310	1,594	1,412	940
Average net sales .... $	27,233	32,356	35,075	42,074
Gross profit	14.2	14.1	14.3	14.0
Operating expenses	7.9	8.0	8.3	8.3
Net profit before deduction of proprietors' salaries and income tax	6.3	6.1	6.0	5.7

(Items expressed as percentage of net sales)

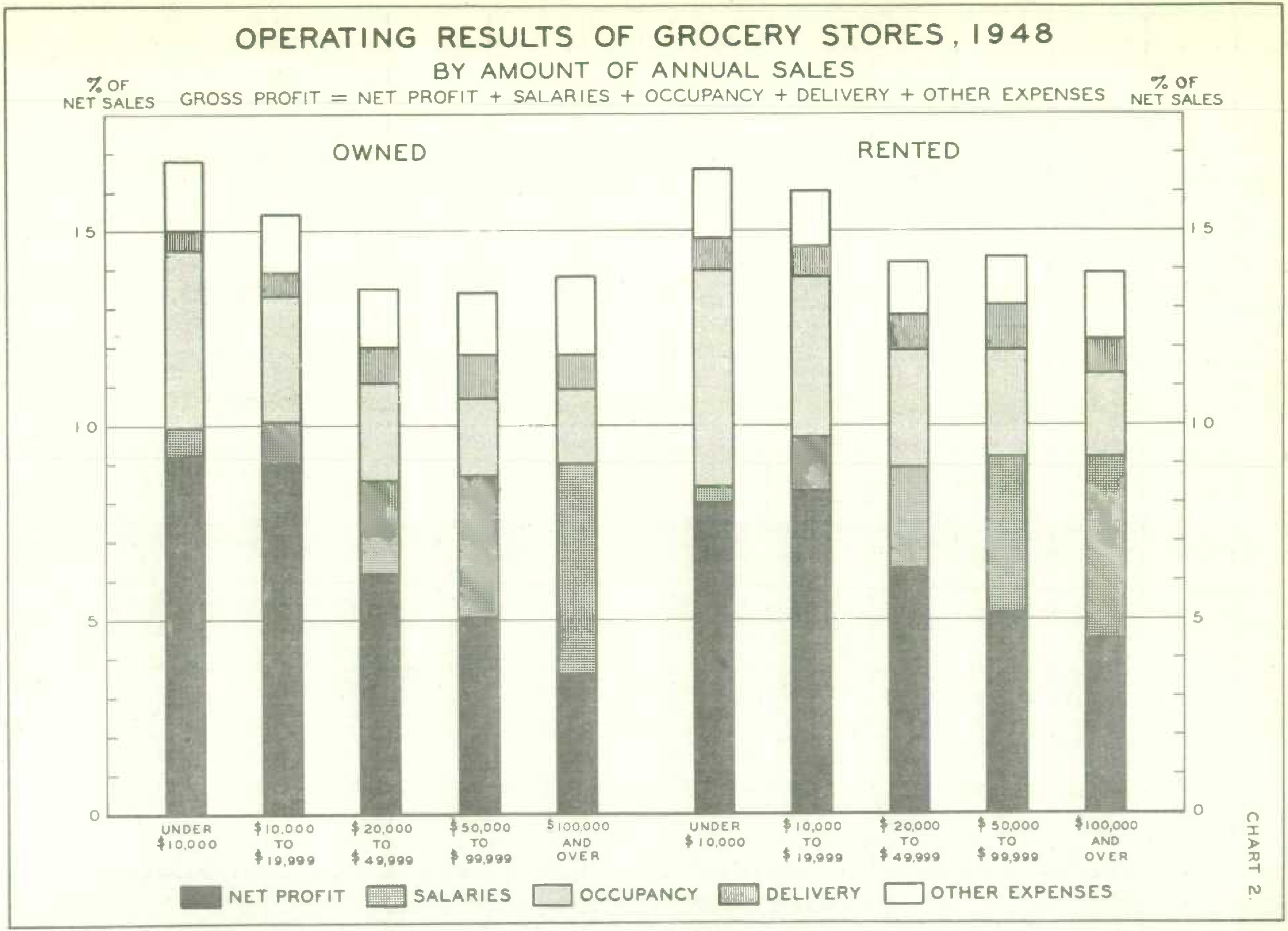

OPERATING RESULTS OF GROCERY STORES, 1948
BY AMOUNT OF ANNUAL SALES
GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES
% OF NET SALES
% OF NET SALES
OWNED
RENTED
15
10
5
0
UNDER $10,000
$10,000 TO $19,999
$20,000 TO $49,999
$50,000 TO $99,999
$100,000 AND OVER
UNDER $10,000
$10,000 TO $19,999
$20,000 TO $49,999
$50,000 TO $99,999
$100,000 AND OVER
NET PROFIT
SALARIES
OCCUPANCY
DELIVERY
OTHER EXPENSES
CHART 2.

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

Item	OWNED STORES					RENTED STORES				
	Under $10,000	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and Over	Under $10,000	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and Over
Number of stores reporting	35	126	281	94	24	15	56	183	89	37
Average of net sales per store .. $	7,162	15,616	32,612	66,191	158,034	7,410	16,922	33,458	66,811	135,813
Average cost of goods sold ...... $	5,961	13,210	28,221	57,331	136,257	6,180	14,208	28,694	57,256	116,906
Average beginning inventory ..... $	929	1,626	2,695	5,239	11,341	755	1,552	2,767	5,109	9,917
Average inventory, end of year .. $	926	1,617	2,730	5,289	12,545	778	1,509	2,743	5,262	9,452
Stock turnover (times per year) ...	6.43	8.15	10.41	10.89	11.41	8.07	9.29	10.41	11.04	12.07
PROFIT AND LOSS DATA										
(Per cent of net sales)										
Gross profit	16.76	15.41	13.46	13.39	13.78	16.59	16.04	14.24	14.30	13.92
Operating expenses:										
Employees' salaries and wages (except delivery)	.66	1.08	2.40	3.59	5.35	.37	1.38	2.56	4.02	4.71
Taxes	1.26	.67	.46	.32	.26	.54	.34	.23	.18	.14
Insurance	.46	.30	.28	.25	.27	.24	.16	.16	.16	.15
Rentals	-	-	-	-	-	2.81	2.07	1.46	1.16	.96
Heat, light and power	1.71	1.06	.68	.48	.34	1.50	.88	.52	.37	.29
Delivery expense	.52	.64	.90	1.10	.93	.81	.76	.91	1.17	.91
Repairs and maintenance	.36	.56	.38	.36	.38	.31	.31	.28	.27	.21
Depreciation allowances	.85	.60	.66	.63	.67	.27	.29	.34	.36	.31
Store supplies	.55	.55	.51	.50	.66	.78	.62	.50	.50	.67
Advertising	.05	.06	.17	.21	.27	.01	.06	.17	.15	.30
Bad debts - written off	.33	.28	.11	.13	.17	.26	.09	.13	.10	.12
(Less) amount recovered	.04	.02	.01	(a)	.03	.01	(a)	.01	(a)	.01
Net bad debt loss	.29	.26	.10	.13	.14	.85	.09	.12	.10	.11
All other expenses	.90	.65	.71	.71	.88	.67	.74	.66	.71	.64
Total operating expenses	7.61	6.43	7.25	8.28	10.15	8.56	7.70	7.91	9.15	9.40
Net trading profit before proprietors' salaries and income tax deduction	9.15	8.98	6.21	5.11	3.63	8.03	8.34	6.33	5.15	4.52

(a) Less than 0.05 per cent.

Table 3.--Grocery Stores - Owned - Financial Structure by Size and Age of Business
as at December 31, 1948

Item (*) (Average per store)	Total all Sizes (over $20,000)	$20,000 - $49,999			$50,000 - $99,999			$100,000 and over
		Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	
Assets	$	$	$	$	$	$	$	$
Current assets:								
Cash on hand or in bank	1,294	833	1,226	1,115	1,381	1,684	1,573	1,960
Net accounts receivable	1,699	967	911	926	2,461	2,526	2,502	6,200
Merchandise inventories	4,210	3,017	2,840	2,891	4,738	5,852	5,443	12,476
Other current assets	590	77	618	465	287	1,114	809	971
Total current assets	7,793	4,894	5,595	5,397	8,867	11,176	10,327	21,607
Fixed assets (net)	7,086	6,387	5,680	5,879	9,124	8,043	8,441	13,726
Other assets	243	346	185	231	410	269	321	73
Total assets	15,122	11,627	11,460	11,507	18,401	19,488	19,089	35,406
Liabilities and Net Worth:								
Current liabilities	2,945	2,225	1,519	1,718	3,743	3,726	3,733	12,067
Other liabilities	889	644	526	559	1,527	1,418	1,457	1,905
Total liabilities	3,834	2,869	2,045	2,277	5,270	5,144	5,190	13,972
Net Worth	11,288	8,758	9,415	9,230	13,131	14,344	13,899	21,434
Total Liabilities and Net Worth ...	15,122	11,627	11,460	11,507	18,401	19,488	19,089	35,406
Sales	50,059	34,574	32,784	33,290	68,343	66,414	67,123	149,489
Net Profit	2,735	2,147	2,035	2,067	3,832	3,460	3,430	5,426
Ratios:								
Current assets to current liabilities	2.65	2.20	3.68	3.14	2.37	2.99	2.77	1.79
Current assets to fixed assets ..	1.10	.77	.99	.92	.97	1.39	1.22	1.57
Net quick assets to net worth ...	.43	.30	.43	.40	.39	.52	.47	.45
Liabilities to net worth	.34	.33	.22	.25	.40	.36	.37	.65
Sales to net worth	4.43	3.95	3.48	3.61	5.20	4.63	4.83	6.97
Sales to non-current assets	6.83	5.14	5.59	5.45	7.17	7.99	7.66	10.83
Net profit to net worth	.24	.25	.22	.22	.29	.24	.25	.25

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

Table 4.--Grocery Stores - Rented - Financial Structure by Size and Age of Business as at December 31, 1948

Item (*) (Average per store)	Total all Sizes (over $20,000)	$20,000 - $49,999			$50,000 - $99,999			$100,000 and over
		Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	
Assets	$	$	$	$	$	$	$	$
Current assets:								
Cash on hand or in bank	1,566	1,552	1,180	1,321	1,157	2,193	1,709	2,139
Net accounts receivable	1,753	746	1,161	1,004	2,030	2,726	2,400	3,092
Merchandise inventories	4,532	2,866	2,720	2,775	4,762	5,508	5,159	9,416
Other current assets	332	206	287	256	61	619	358	546
Total current assets	8,183	5,370	5,348	5,356	8,010	11,046	9,626	15,193
Fixed assets (net)	2,198	2,069	1,927	1,981	2,007	1,732	1,861	3,606
Other assets	460	165	161	163	835	244	520	1,375
Total assets	10,841	7,604	7,436	7,500	10,852	13,022	12,007	20,174
Liabilities and Net Worth:								
Current liabilities	2,821	1,656	1,551	1,591	3,721	2,869	3,267	6,228
Other liabilities	476	270	196	224	502	229	356	1,582
Total liabilities	3,297	1,926	1,747	1,815	4,223	3,098	3,623	7,810
Net Worth	7,544	5,678	5,689	5,685	6,629	9,924	8,384	12,364
Total Liabilities and Net Worth ...	10,841	7,604	7,436	7,500	10,852	13,022	12,007	20,174
Sales	59,943	34,170	34,642	34,463	62,737	70,264	66,743	135,148
Net Profit	3,158	2,162	2,192	2,181	3,201	3,633	3,437	6,109
Ratios:								
Current assets to current liabilities	2.90	3.24	3.45	3.37	2.15	3.85	2.95	2.44
Current assets to fixed assets ..	3.72	2.60	2.78	2.70	3.99	6.38	5.17	4.21
Net quick assets to net worth ...	.71	.65	.67	.66	.65	.82	.76	.73
Liabilities to net worth	.44	.34	.31	.32	.64	.31	.43	.63
Sales to net worth	7.95	6.02	6.09	6.06	9.46	7.08	7.96	10.93
Sales to non-current assets	22.55	15.30	16.59	16.07	22.07	35.56	28.03	27.13
Net profit to net worth	.42	.38	.39	.38	.48	.37	.41	.49

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

2. <u>COMBINATION STORES</u> (Groceries and Meats)

Stores selling both groceries and fresh meats are classed as combination stores with the smaller commodity not less than 20 per cent of total sales. Suitable reports on Profit and Loss data were received from 735 independent unincorporated firms. Balance sheet information was reported adequately by 455 of this total number.

Results are presented for owned and rented stores separately, by sales-size groups. Too few reports were received from stores having less than $10,000 net sales to permit publication of profit and loss data. Balance sheet results were tabulated only for the three largest classes ($20,000 and over) and, where there were sufficient reports in a segment, a division was made by age of business. Because balance sheet information was not supplied by all firms, a tabulation of the sales and net profit of only those firms reporting this information was made to provide basic data for the velocity ratios.

The operating results for the year 1948 and the financial position of combination stores at the end of the year are summarized below.

1. The gross profit in combination stores in 1948 stood at 14.6 per cent of net sales, slightly lower than the ratio of previous years. Operating expenses were higher in proportion than in 1944 or 1945 but were about even with 1946. With average sales greater than 1946, this smaller net profit ratio of 4.4 per cent resulted in greater dollar volume of net profit than was realized in 1946. (Table 5, page 22)

2. In 1948, gross and net profit decreased in ratio to net sales with increasing volume of business, gross profit ranging from 19.25 per cent to 14.03 per cent, and net profit from 7.92 to 3.82 per cent. Expense items following the same downward trend were taxes, insurance, rent, heat, light and power, repairs and maintenance and net bad debt losses. Increased proportions of sales spent on employees salaries in the larger sized classes more than offset the declining ratios of the other expenses to net greater total expenses in the larger sized stores. (Table 6, page 24)

3. Merchandise was sold and replaced more times during the year in larger sized businesses. The rate of turnover ranged from 9.77 times per year in the smallest size group to 15.11 in the largest.

   In all except the group with sales of $100,000 and over, year end stocks were at a higher dollar volume level than at the beginning of the year. (Table 6, page 24)

4. The proprietor of the average combination store of over $20,000 annual sales volume operating from owned premises had $2.18 current assets at the end of 1948 to meet every $1.00 of current liabilities. Owners of business operated from rented premises had $2.47 for every $1.00 of current obligation. Length of time in business had a great effect on this ratio. In all groups the older established businesses had a more favorable ratio of current assets to current liabilities than did stores with less than 10 years operation. The widest range was in owned stores with sales from $20,000 to $49,999 where it was possible to show three age groups. (Tables 7 & 8, pages 25 & 26)

5. Proprietors who owned their business premises had .95¢ invested in current assets to every $1.00 in fixed assets. This ratio increased both as the size of business became greater and as the length of time in operation increased. Owners of business in rented premises, with less investment in fixed assets, had $2.46 invested in current assets to every $1.00 in fixed assets. The ratio followed the same pattern as in owned businesses, increasing as both size and age of business became greater. (Tables 7 & 8, pages 25 & 26)

6. Every $1.00 of owners net worth, or capital, produced $5.44 sales in the owned class and $9.08 in the rented group. In both types of occupancy, more sales were made per unit of net worth in the larger sized stores than in the smaller size class. (Tables 7 & 8, pages 25 & 26)

7. In owned stores the ratio of sales to non-current assets was 7.50. This ranged from 5.29 in the smallest to 8.59 in the largest sales-size group. The greater ratio in rented stores reflects the absence of real estate investment. Here $20.25 sales were made per $1.00 invested in non-current assets (principally fixed assets). The ratio ranged from 11.10 in stores with sales from $20,000 to $49,999 to 30.50 in the class with sales in excess of $100,000. (Tables 7 & 8, pages 25 & 26)

More detail on the profit and loss and the financial statement is shown in the following tables.

Table 5.--Operating Results of Independent Combination Stores 1944 - 1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	175	926	880	735
Average net sales .... $	43,268	56,956	62,280	72,557
Gross profit	15.2	14.9	15.1	14.6
Operating expenses	9.4	9.9	10.3	10.2
Net profit before deduction of proprietors' salaries and income tax	5.8	5.0	4.8	4.4

(Items expressed as percentage of net sales).

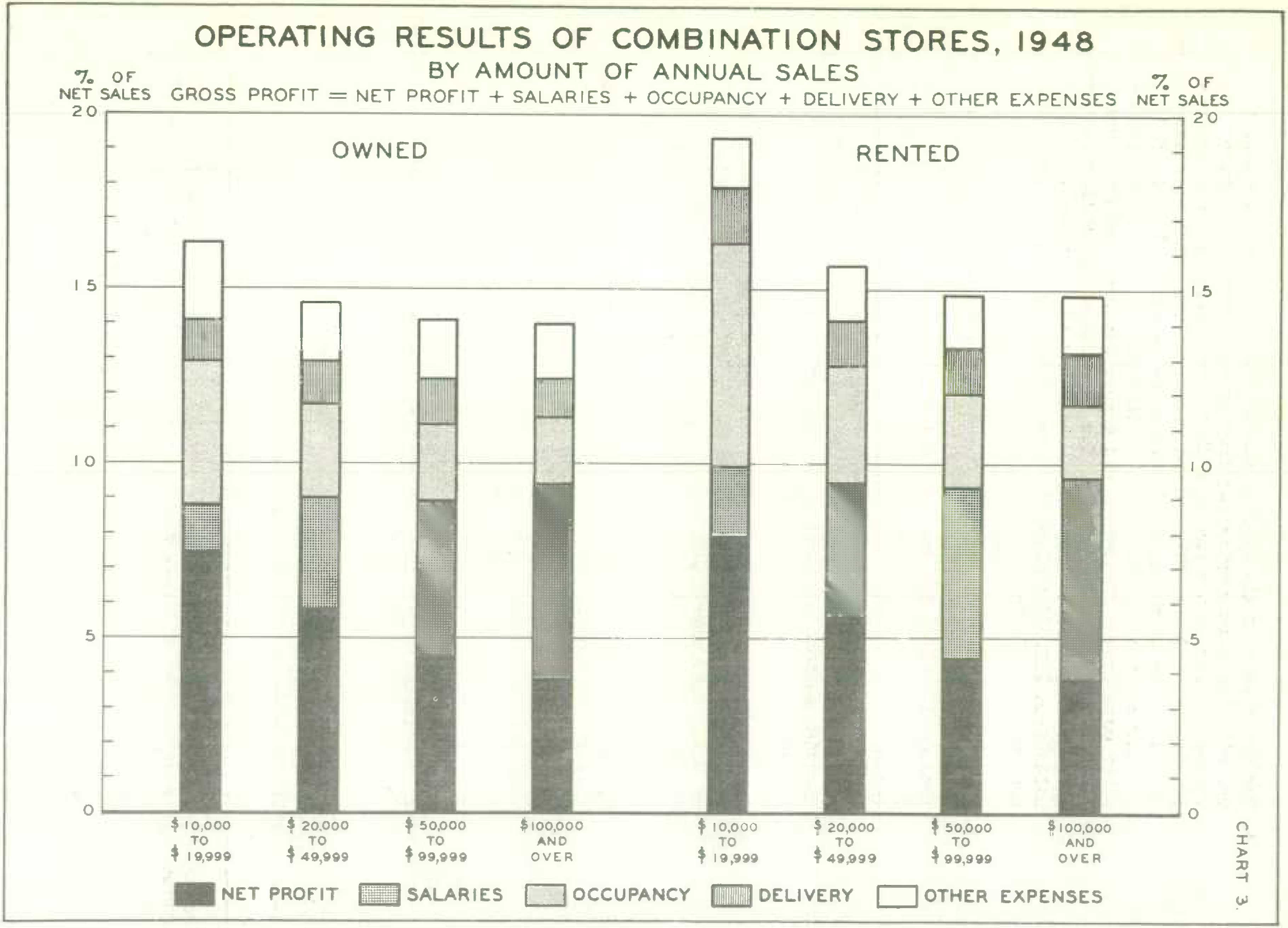

OPERATING RESULTS OF COMBINATION STORES, 1948
BY AMOUNT OF ANNUAL SALES
GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES
% OF NET SALES
OWNED
RENTED
20
15
10
5
0
$ 10,000 TO $ 19,999
$ 20,000 TO $ 49,999
$ 50,000 TO $ 99,999
$100,000 AND OVER
NET PROFIT
SALARIES
OCCUPANCY
DELIVERY
OTHER EXPENSES

CHART 3.

Table 6.--Combination Stores - Operating Results Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES $10,000 to $19,999	OWNED STORES $20,000 to $49,999	OWNED STORES $50,000 to $99,999	OWNED STORES $100,000 and over	RENTED STORES $10,000 to $19,999	RENTED STORES $20,000 to $49,999	RENTED STORES $50,000 to $99,999	RENTED STORES $100,000 and over
Number of stores reporting	48	151	145	87	12	100	110	82
Average of net sales per store .. $	15,731	34,497	71,128	152,898	15,441	35,896	70,322	149,260
Average cost of goods sold ...... $	13,171	29,474	61,084	131,445	12,469	30,253	59,908	127,156
Average beginning inventory ..... $	1,273	2,325	4,514	9,557	1,268	2,178	4,085	8,506
Average inventory, end of year .. $	1,424	2,575	4,619	9,320	1,178	2,283	4,172	8,331
Stock turnover (times per year) ...	9.77	12.03	13.38	13.93	10.20	13.57	14.51	15.11
PROFIT AND LOSS DATA								
(per cent of net sales)								
Gross profit	16.27	14.56	14.12	14.03	19.25	15.72	14.81	14.81
Operating expenses:								
Employees' salaries and wages (except delivery)	1.35	3.24	4.52	5.56	2.00	3.77	4.89	5.76
Taxes	.85	.41	.33	.26	.51	.25	.21	.12
Insurance	.43	.29	.25	.22	.36	.20	.22	.21
Rentals	-	-	-	-	2.86	1.30	1.02	.76
Heat, light and power	1.42	.71	.51	.39	1.51	.55	.41	.26
Delivery expense	1.16	1.20	1.25	1.07	1.61	1.30	1.30	1.45
Repairs and maintenance	.73	.53	.43	.42	.63	.44	.35	.29
Depreciation allowances	.68	.75	.73	.62	.40	.63	.46	.42
Store supplies	.65	.62	.57	.61	.59	.68	.60	.65
Advertising	.14	.13	.17	.26	.08	.16	.18	.28
Bad debts - written off	.34	.17	.12	.07	.23	.13	.12	.10
(Less) amount recovered	.02	.01	.01	.01	.03	.01	.04	.01
Net bad debt loss	.32	.16	.11	.06	.20	.12	.08	.09
All other expenses	1.10	.73	.81	.74	.58	.70	.70	.69
Total operating expenses	8.83	8.77	9.68	10.21	11.33	10.10	10.42	10.98
Net trading profit before proprietors' salaries and income tax deduction	7.44	5.79	4.44	3.82	7.92	5.62	4.39	3.83

Table 7.--Combination Stores - Owned - Financial Structure by Size and Age of Business as at December 31, 1948

Item (*) (Average per store)	Total all Sizes (over $20,000)	$20,000 - $49,999				$50,000 - $99,999			$100,000 and over
		Under 10 years	10 to 19 years	20 years and over	Total	Under 10 years	10 years and over	Total	
Assets	$	$	$	$	$	$	$	$	$
Current assets:									
Cash on hand or in bank	1,872	791	1,285	1,985	1,310	1,560	1,613	1,576	3,107
Net accounts receivable	2,265	838	730	1,048	854	2,060	2,378	2,308	4,242
Merchandise inventories	4,970	2,589	2,022	2,197	2,261	3,897	4,579	4,377	9,730
Other current assets	799	60	141	173	118	922	852	817	1,758
Total current assets	9,906	4,278	4,178	5,403	4,543	8,439	9,422	9,078	18,837
Fixed assets (net)	10,394	7,146	5,715	6,157	6,319	10,209	8,513	9,231	17,945
Other assets	370	83	159	364	182	95	548	405	589
Total assets	20,670	11,507	10,052	11,924	11,044	18,743	18,483	18,714	37,371
Liabilities and Net Worth:									
Current liabilities	4,540	2,315	1,735	1,226	1,716	4,262	4,119	4,392	8,832
Other liabilities	1,297	884	374	401	670	1,775	782	1,193	2,351
Total liabilities	5,837	3,199	2,109	1,627	2,386	6,037	4,901	5,585	11,183
Net Worth	14,833	8,308	7,943	10,297	8,658	12,706	13,582	13,129	26,188
Total Liabilities and Net Worth ...	20,670	11,507	10,052	11,924	11,044	18,743	18,483	18,714	37,371
Sales	80,683	35,074	35,118	32,917	34,363	69,569	73,954	72,585	159,176
Net Profit	3,501	2,030	2,033	1,905	1,989	3,089	3,284	3,223	6,080
Ratios:									
Current assets to current liabilities	2.18	1.85	2.41	4.41	2.65	1.98	2.29	2.07	2.13
Current assets to fixed assets ..	.95	.60	.73	.88	.72	.83	1.11	.98	1.05
Net quick assets to net worth ...	.36	.24	.31	.41	.33	.33	.39	.36	.38
Liabilities to net worth	.39	.39	.27	.16	.28	.48	.36	.43	.43
Sales to net worth	5.44	4.22	4.42	3.20	3.97	5.47	5.45	5.53	6.08
Sales to non-current assets	7.50	4.85	5.98	5.05	5.29	6.75	8.16	7.53	8.59
Net profit to net worth	.24	.24	.26	.19	.23	.24	.24	.25	.23

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

Table 8.--Combination Stores - Rented - Financial Structure by Size and Age of Business as at December 31, 1948

Item (*) (Average per store)	Total all Sizes (over $20,000)	$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	
Assets	$	$	$	$	$	$	$	$
Current assets:								
Cash on hand or in bank	1,600	548	1,429	1,079	1,107	1,666	1,436	2,303
Net accounts receivable	2,400	731	728	729	2,500	2,398	2,440	3,960
Merchandise inventories	5,036	2,360	2,523	2,459	4,646	4,474	4,545	8,129
Other current assets	290	176	263	229	445	152	272	369
Total current assets	9,326	3,815	4,943	4,496	8,698	8,690	8,693	14,761
Fixed assets (net)	3,797	3,346	2,959	3,112	4,315	3,808	4,017	4,188
Other assets	322	417	6	169	504	253	357	426
Total assets	13,445	7,578	7,908	7,777	13,517	12,751	13,067	19,375
Liabilities and Net Worth:								
Current liabilities	3,775	2,368	1,602	1,905	4,813	2,303	3,337	6,120
Other liabilities	488	412	64	202	803	589	677	528
Total liabilities	4,263	2,780	1,666	2,107	5,616	2,892	4,014	6,649
Net Worth	9,182	4,798	6,242	5,670	7,901	9,859	9,053	12,726
Total Liabilities and Net Worth ...	13,445	7,578	7,908	7,777	13,517	12,751	13,067	19,375
Sales	83,399	38,172	35,280	36,426	78,173	70,467	73,640	140,729
Net Profit	3,568	2,210	2,042	2,109	3,432	3,093	3,233	5,390
Ratios:								
Current assets to current liabilities	2.47	1.61	3.09	2.36	1.81	3.77	2.61	2.41
Current assets to fixed assets ..	2.46	1.14	1.67	1.44	2.02	2.28	2.16	3.52
Net quick assets to net worth ...	.60	.30	.54	.46	.49	.65	.59	.68
Liabilities to net worth	.46	.58	.27	.37	.71	.29	.44	.52
Sales to net worth	9.08	7.96	5.65	6.42	9.89	7.15	8.13	11.06
Sales to non-current assets	20.25	10.14	11.90	11.10	16.22	17.35	16.84	30.50
Net profit to net worth	.39	.46	.33	.37	.43	.31	.36	.42

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

3. MEAT MARKETS

These stores are principally engaged in selling fresh meats with added lines of poultry, fish, and dairy products. If groceries form more than 20% of net sales, the business is classified as a combination store.

A total of 328 reports suitable for tabulation of Profit and Loss data were received. When classed according to dollar volume of annual net sales there were too few in the sales-size category of under $10,000 both owned and rented, to allow publication of results. A smaller number (167) completed the Balance Sheet data which is shown only for the three size ranges of over $20,000 net sales.

Summary points on the operating results and financial position of independent retail meat markets are:

1. In 1948 the average meat market operated on a gross profit of 16.6 per cent, lower than that shown in the 1944, 1945, or 1946 surveys. Operating expenses remained fairly uniform and net profit dropped below the levels of former years to 5.5 per cent of net sales. (Table 9, page 28)

2. Gross profits, expressed as a percentage of net sales, decreased in ratio as volume of business increased. The majority of the expense factors followed the same trend. Salaries paid to employees increased consistently with greater volume of sales to slightly over compensate for the decline in other expense items. This resulted in a slightly higher ratio of total expenses in the large sized classes. Net profit before deduction of proprietors' salary or income tax decreased in ratio from 9.51 per cent of net sales in the smallest rented store to 3.95 per cent in the largest owned size class. (Table 10, page 30)

3. Inventories of merchandise at the end of the year were generally above the amount of stock held at the first of the year in dollar volume. The rate of stock turnover in meat markets is much more rapid than in other food stores and ranged from 18.86 times per year in the smallest sized class to 48.11 times in stores with sales volume in excess of $100,000. (Table 10, page 30)

4. The ratio of current assets to current liabilities in owned stores was slightly above the recognized 'good average' of 2 at 2.36. Rented stores had slightly less - $2.13 worth of current assets to meet every $1.00 of current obligations.

5. Meat markets of larger sales volume in both the owned and rented type of store had a greater proportion of their assets as current than did the smaller stores. Following this trend a greater share of their net worth was in the form of net quick assets or working capital. (Table 11, page 31)

6. For every dollar of net worth in the business, the average owned meat market sold $5.54 worth of merchandise and rented stores, with less net worth due to no property investment, sold $10.95. Larger stores produced more sales per $1.00 net worth than did the smaller sizes. Similarly they transacted more dollar volume of sales per dollar invested in non-current assets. (Table 11, page 31)

Table 9.--Operating Results of Meat Markets, 1944 - 1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	182	475	439	328
Average net sales .... $	42,103	46,403	52,581	59,382
Gross profit	17.1	16.9	17.2	16.6
Operating expenses	11.1	10.9	11.4	11.1
Net profit before deduction of proprietors' salaries and income tax	6.0	6.0	5.8	5.5

(Items expressed as percentage of net sales).

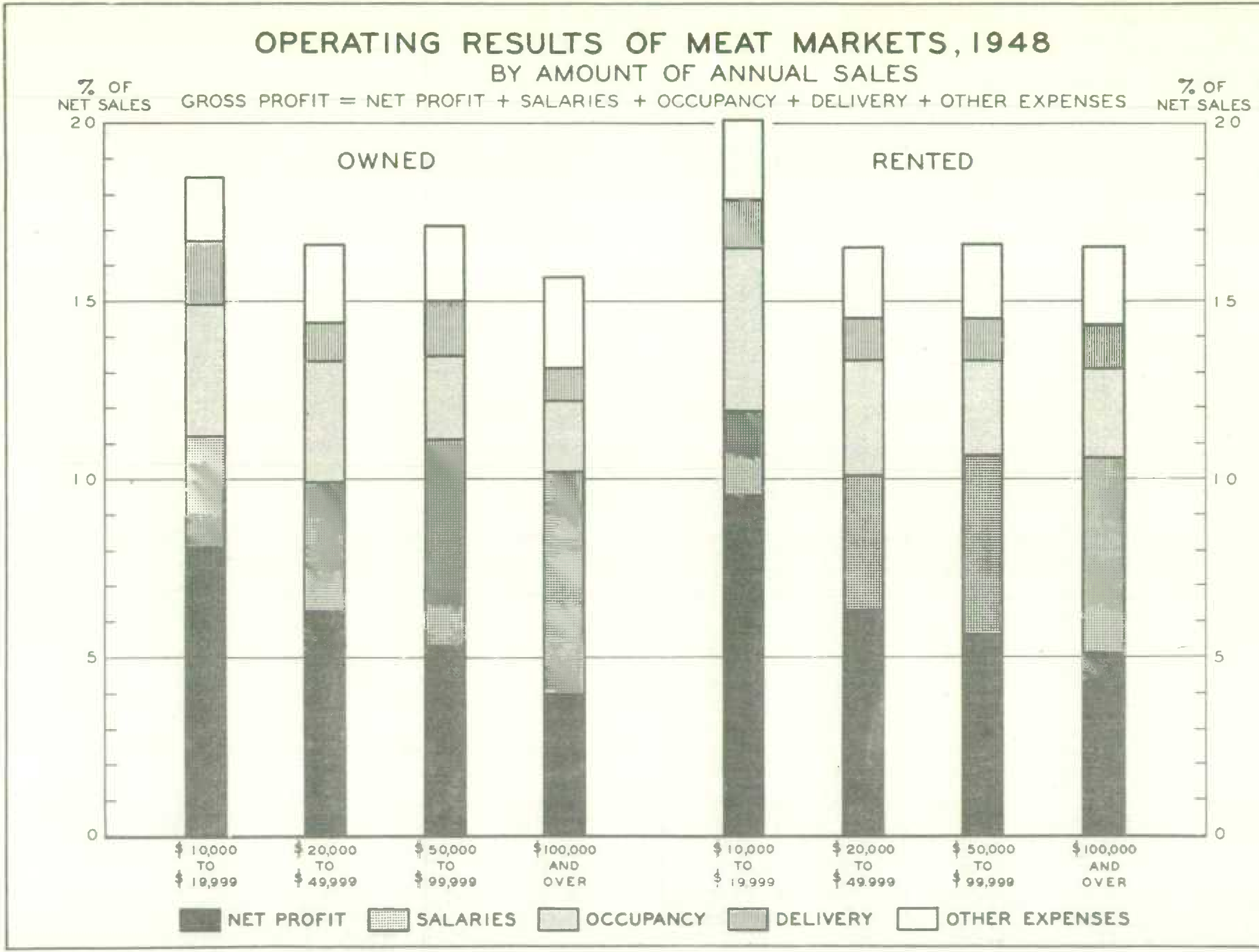

OPERATING RESULTS OF MEAT MARKETS, 1948
BY AMOUNT OF ANNUAL SALES
GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES
% OF NET SALES
20
15
10
5
0
OWNED
RENTED
$ 10,000 TO $ 19,999
$ 20,000 TO $ 49,999
$ 50,000 TO $ 99,999
$100,000 AND OVER
NET PROFIT
SALARIES
OCCUPANCY
DELIVERY
OTHER EXPENSES

CHART 4.

Table 10.--Meat Markets - Operating Results Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES				RENTED STORES			
	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and Over	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$100,000 and Over
Number of stores reporting	26	51	35	16	22	80	69	29
Average of net sales per store .. $	15,225	32,810	69,307	182,483	15,814	35,573	69,127	141,354
Average cost of goods sold ...... $	12,411	27,361	57,462	153,797	12,634	29,702	57,650	118,085
Average beginning inventory ..... $	620	1,026	1,586	3,007	517	759	1,405	2,362
Average inventory, end of year .. $	696	926	2,166	3,388	570	774	1,602	2,694
Stock turnover (times per year) ...	18.86	28.03	30.63	48.11	23.22	38.72	38.33	46.71
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	18.49	16.60	17.09	15.72	20.11	16.50	16.60	16.46
Operating expenses:								
Employees' salaries and wages (except delivery)	3.08	3.59	5.78	6.24	2.42	3.83	5.09	5.54
Taxes	.49	.45	.35	.32	.31	.21	.14	.12
Insurance	.36	.30	.24	.25	.22	.17	.20	.20
Rentals	-	-	-	-	1.87	1.34	1.04	.97
Heat, light and power	1.23	.83	.59	.34	.86	.54	.42	.28
Delivery expense	1.76	1.14	1.50	.93	1.30	1.24	1.17	1.19
Repairs and maintenance	.65	.74	.54	.42	.46	.37	.30	.38
Depreciation allowances	.92	1.12	.73	.66	.76	.61	.59	.53
Store supplies	.72	.85	.93	1.02	1.12	.83	.90	.90
Advertising	.12	.14	.11	.24	.15	.09	.17	.11
Bad debts - written off	.08	.08	.09	.13	.10	.06	.08	.02
(Less) amount recovered	-	-	.01	-	-	-	-	-
Net bad debt loss	.08	.08	.08	.13	.10	.06	.08	.02
All other expenses	1.01	1.10	.92	1.22	1.03	.89	.88	1.09
Total operating expenses	10.42	10.34	11.77	11.77	10.60	10.18	10.98	11.33
Net trading profit before proprietors' salaries and income tax deduction	8.07	6.26	5.32	3.95	9.51	6.32	5.62	5.13

Table 11.--Meat Markets - Financial Structure by Size and Occupancy Basis as at December 31, 1948

Item (*) (Average per store)	OWNED STORES				RENTED STORES			
	Total all Sizes over $20,000	$20,000 to $49,999	$50,000 to $99,999	$100,000 and Over	Total all Sizes over $20,000	$20,000 to $49,999	$50,000 to $99,999	$100,000 and Over
Assets	$	$	$	$	$	$	$	$
Current assets:								
Cash on hand or in bank	2,434	1,020	3,074	4,615	2,203	1,011	2,418	4,124
Net accounts receivable	1,754	899	1,300	4,499	1,628	836	1,505	3,408
Merchandise inventories	1,699	785	1,702	3,803	1,579	659	1,875	2,808
Other current assets	306	235	93	825	638	281	385	1,819
Total current assets	6,193	2,939	6,169	13,742	6,048	2,787	6,183	12,159
Fixed assets (net)	11,350	7,837	13,240	16,258	3,045	2,084	3,393	4,259
Other assets	779	150	1,541	941	626	155	509	1,768
Total assets	18,322	10,926	20,950	30,941	9,719	5,026	10,085	18,186
Liabilities and Net Worth:								
Current liabilities	2,625	1,548	2,031	6,113	2,836	1,259	3,019	5,568
Other liabilities	1,792	526	1,468	5,261	357	248	183	899
Total liabilities	4,417	2,074	3,499	11,374	3,193	1,507	3,202	6,467
Net Worth	13,905	8,852	17,451	19,567	6,526	3,519	6,883	11,719
Total Liabilities and Net Worth	18,322	10,926	20,950	30,941	9,719	5,026	10,085	18,186
Sales	77,096	33,210	69,600	191,055	71,475	35,116	72,540	140,430
Net Profit	3,722	2,079	3,702	7,546	3,974	2,219	4,076	7,204
Ratios:								
Current assets to current liabilities	2.36	1.90	3.04	2.25	2.13	2.21	2.05	2.18
Current assets to fixed assets	.55	.37	.47	.85	1.99	1.34	1.82	2.85
Net quick assets to net worth	.26	.16	.24	.39	.49	.43	.46	.56
Liabilities to net worth	.32	.23	.20	.58	.49	.43	.47	.55
Sales to net worth	5.54	3.75	3.99	9.76	10.95	9.98	10.54	11.98
Sales to non-current assets	6.36	4.16	4.71	11.11	19.47	15.68	18.59	23.30
Net profit to net worth	.27	.23	.21	.39	.61	.63	.59	.61

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

4. FRUIT AND VEGETABLE STORES

These stores specialize in the sale of fresh fruits and vegetables. To remain in this classification the sale of other commodities - groceries, tobacco, confectionery etc. - must form less than 50 per cent of total sales. A total of 165 firms returned reports suitable for profit and loss tabulation. Of these, only 78 completed the balance sheet properly. Results are not shown for stores with annual net sales under $10,000 or over $100,000 in either occupancy class because too few reported.

Some of the main points in the 1948 operations of fruit and vegetable stores and in their financial position at the end of the year may be summarized as follows:

1. In 1948 fruit and vegetable stores extended their gross profit to 17.5 per cent of net sales as compared to ratios in previous years of around 16.0 per cent. This increased margin was entirely absorbed by higher operating expenses to leave a net operating profit similar to 1946 - 6.5 per cent. (Table 12, page 33)

2. Gross profit generally decreased in ratio to sales as volume of business increased, ranging from 22.91 per cent in the smallest rented class to 15.45 in owned stores with sales between $20,000 and $49,999. The majority of the expense items decreased in proportion to sales in the larger sized stores. Salaries increased with sales volume from 1.86 per cent to 3.95 per cent of sales. Net profit followed no definite trend in owned stores but declined with size of business in the rented category. (Table 13, page 35)

3. The dollar volume of merchandise on hand at the end of year was greater than at the beginning of the year in the two largest sized groups but was slightly smaller in stores with sales between $10,000 and $19,999. The rate of stock turnover increased with volume of sales and ranged from 12.36 to 28.78 times per year. (Table 13, page 35)

4. With balance sheet data only available for two sales-size groups no definite conclusion as to trends by size can be made. Owned and rented stores showed ratios of current assets to current liabilities of 2.45 and 2.64 respectively. For every $1.00 invested in non-current assets sales of $5.28 were transacted in owned stores and $23.87 in rented stores. The greater net worth of owners, reflecting fixed asset investment, is also evidenced in the ratio of sales to net worth. The proprietor who owned his store produced $4.76 of sales from every $1.00 of net worth and the man who rented his store had $9.54 sales for every $1.00 net worth. (Table 14, page 36)

Table 12.--Operating Results of Fruit and Vegetable Stores, 1944 - 1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	105	260	274	165
Average net sales .... $	37,183	38,958	39,568	41,404
Gross profit	16.4	16.0	16.1	17.5
Operating expenses	9.8	9.4	9.6	11.0
Net profit before deduction of proprietors' salaries and income tax	6.6	6.6	6.5	6.5

CHART 5.

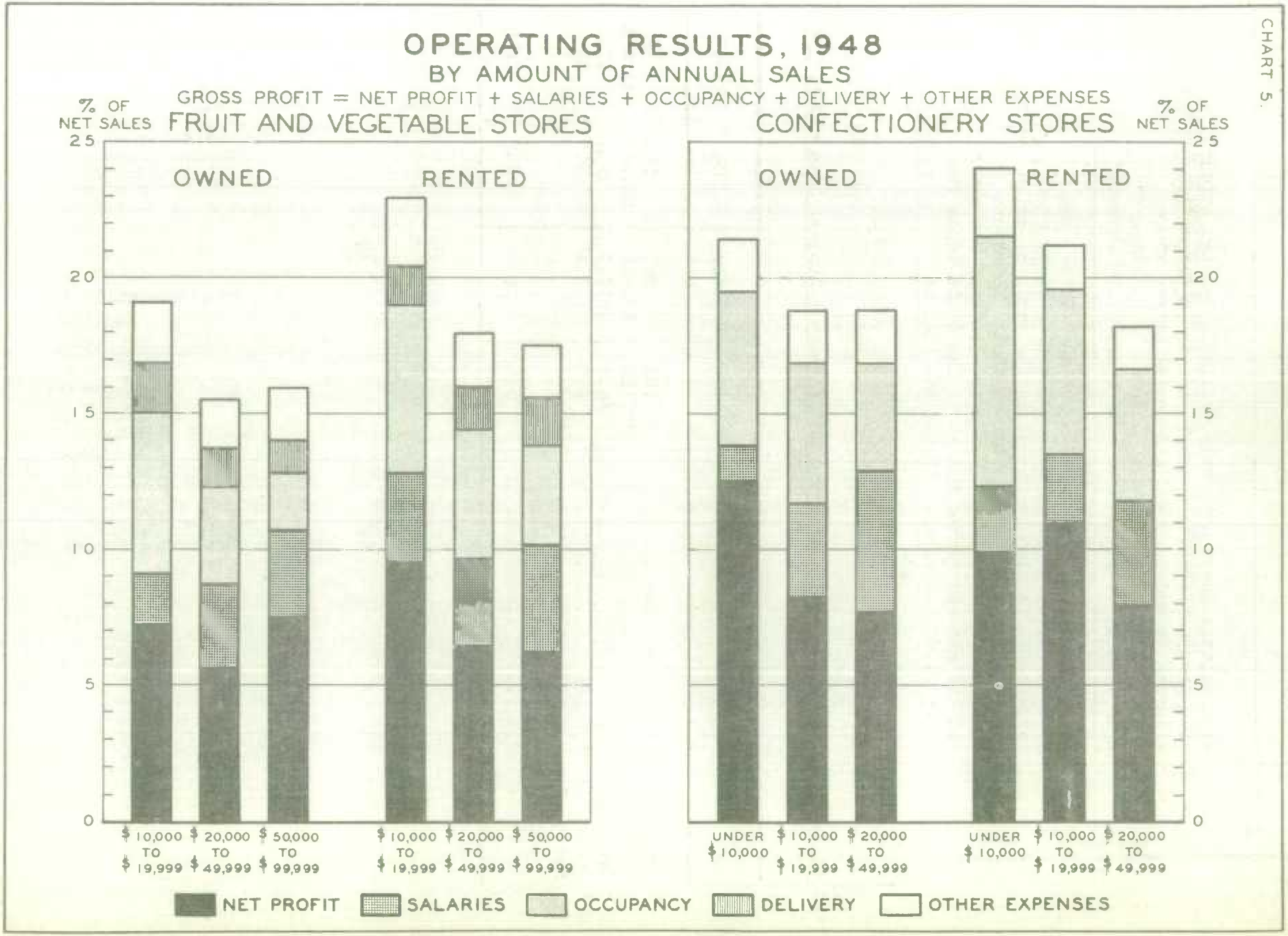

OPERATING RESULTS, 1948
BY AMOUNT OF ANNUAL SALES
GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES
% OF NET SALES
FRUIT AND VEGETABLE STORES
CONFECTIONERY STORES
OWNED
RENTED
25
20
15
10
5
0
$10,000 TO $19,999
$20,000 TO $49,999
$50,000 TO $99,999
UNDER $10,000
NET PROFIT
SALARIES
OCCUPANCY
DELIVERY
OTHER EXPENSES

Table 13.--Fruit and Vegetable Stores - Operating Results Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES			RENTED STORES		
	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999	$10,000 to $19,999	$20,000 to $49,999	$50,000 to $99,999
Number of stores reporting	11	20	9	15	64	46
Average of net sales per store .. $	15,129	32,259	65,710	16,083	33,778	65,777
Average cost of goods sold ...... $	12,246	27,276	55,249	12,397	27,732	54,290
Average beginning inventory ...... $	1,015	1,383	1,673	707	1,440	2,628
Average inventory, end of year .. $	967	1,504	2,167	703	1,598	2,941
Stock turnover (times per year) ...	12.36	18.90	28.78	17.58	18.26	19.50
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	19.05	15.45	15.92	22.91	17.90	17.46
Operating expenses:						
Employees' salaries and wages (except delivery)	1.86	3.13	3.21	3.30	3.15	3.95
Taxes	1.79	.71	.64	.36	.25	.18
Insurance	.62	.32	.20	.30	.21	.21
Rentals	-	-	-	3.78	2.77	2.15
Heat, light and power	1.48	.82	.62	.85	.60	.39
Delivery expense	1.78	1.36	1.17	1.45	1.63	1.78
Repairs and maintenance	.88	.75	.15	.45	.39	.21
Depreciation allowances	1.10	.97	.48	.17	.30	.35
Store supplies	1.14	.88	1.37	1.18	1.10	1.11
Advertising	.12	.09	.06	.05	.15	.11
Bad debts - written off	-	.01	-	-	.08	.03
(Less) amount recovered	-	-	-	-	.01	-
Net bad debt loss	-	.01	-	-	.07	.03
All other expenses	1.12	.82	.56	1.50	.79	.75
Total operating expenses	11.89	9.86	8.46	13.39	11.41	11.22
Net trading profit before proprietors' salaries and income tax deduction	7.16	5.59	7.46	9.52	6.49	6.24

Table 14.--Fruit and Vegetable Stores - Financial Structure by Size and Occupancy Basis as at December 31, 1948

Item (x) (Average per store)	OWNED STORES: Total all Sizes over $20,000	OWNED STORES: $20,000 to $49,999	OWNED STORES: $50,000 to $99,999	RENTED STORES: Total all Sizes over $20,000	RENTED STORES: $20,000 to $49,999	RENTED STORES: $50,000 to $99,999
Assets	$	$	$	$	$	$
Current assets:						
Cash on hand or in bank	1,919	1,629	2,257	1,853	1,822	1,889
Net accounts receivable	60	60	60	435	101	826
Merchandise inventories	1,982	1,494	2,551	2,656	2,022	3,395
Other current assets	274	-	594	188	82	311
Total current assets	4,235	3,183	5,462	5,132	4,027	6,421
Fixed assets (net)...............	9,033	8,058	10,167	1,816	1,462	2,228
Other assets	384	344	433	279	57	538
Total assets	13,652	11,585	16,062	7,227	5,546	9,187
Liabilities and Net Worth:						
Current liabilities	1,729	1,589	1,891	1,809	1,008	2,743
Other liabilities	1,454	1,250	1,692	175	131	227
Total liabilities	3,183	2,839	3,583	1,984	1,139	2,970
Net Worth	10,469	8,746	12,479	5,243	4,407	6,217
Total Liabilities and Net Worth ...	13,652	11,585	16,062	7,227	5,546	9,187
Sales	49,863	35,198	66,972	49,995	33,694	69,012
Net Profit	3,365	1,967	4,996	3,165	2,186	4,306
Ratios:						
Current assets to current liabilities	2.45	2.00	2.89	2.84	4.00	2.34
Current assets to fixed assets ..	.47	.40	.54	2.83	2.75	2.88
Net quick assets to net worth ...	.24	.18	.29	.63	.69	.59
Liabilities to net worth	.30	.32	.29	.38	.26	.48
Sales to net worth	4.76	4.02	5.37	9.54	7.64	11.10
Sales to non-current assets	5.28	4.19	6.32	23.87	22.18	24.95
Net profit to net worth	.32	.22	.40	.60	.50	.69

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

5. CONFECTIONERY STORES

Stores classed as confectionery stores are those retailing principally such products as candy and confectionery, soft drinks, tobacco, ice cream, fruits, papers and magazines. Light lunches often form a part of the business but must not be over 50 per cent of total sales to fall with this classification.

A total of 211 satisfactory reports were received and tabulated for profit and loss data. These were classified by amount of annual net sales to come within three size brackets under $50,000. A few reports of over this sales volume were received but their number did not allow publication of their results as representative of the size class, and are not included in this report. Only the size group with sales between $20,000 and $49,999 was used for balance sheet data (60 firms).

The results of the year's operations and average figures and ratios on the financial position of confectionery stores at December 31, 1948 are summarized below with tables following.

1. Gross profit in confectionery stores formed 19.1 per cent of net sales in 1948, slightly above the 1946 level but lower than 1944 and 1945. A greater proportion of operating expenses reduced the slight marginal gain to give a net profit of 8.5 per cent, lower than previous years for which results are available. Greater volume of sales, however, translated this lower ratio into more actual dollars and cents than in 1946. (Table 15, page 39)

2. Similar to other food stores in 1949, gross and net profits were smaller in ratio to sales in the larger sized brackets. This downward trend was followed by the occupancy expense items - taxes, insurance, heat, light and power, repairs and maintenance - store supplies and bad debt losses. Employees' salaries, delivery expense, depreciation, and advertising followed a reverse trend, increasing in proportion with greater sales volume. (Table 16, page 40)

3. Inventories on hand for resale were sold and replaced more often in the larger stores. The rate of turnover ranged between 3.00 times and 13.12 times per year. All except one size of business class held more dollar volume of stock at the end of the year than at the beginning. (Table 16, page 39)

4. Both owned and rented stores with annual net sales of $20,000 to $49,999 had a **favourable ratio of current** assets to current liabilities, 3.28 for owned and 2.93 for rented stores.

5. In owned stores every $1.00 invested in non-current assets produced $5.11 sales and for each $1.00 of proprietor's net worth or equity in the business $3.92 sales were transacted. These ratios were higher in rented stores where both net worth and non-current assets are smaller because there is no real estate investment. In this category, every $1.00 of non-current assets produced sales of $14.40 and the same unit of net worth resulted in $6.84 sales. (Table 17, page 40)

Table 15.--Operating Results of Independent Confectionery Stores

1944 - 1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	165	301	319	211
Average net sales .... $	16,307	18,582	19,735	21,641
Gross profit	19.5	20.7	18.9	19.1
Net profit before deduction of proprietors' salaries or income tax	9.6	10.1	8.8	8.5

(Items expressed as percentage of net sales).

Table 16.--Confectionery Stores - Operating Results Classified by Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES Under $10,000	OWNED STORES $10,000 to $19,999	OWNED STORES $20,000 to $49,999	RENTED STORES Under $10,000	RENTED STORES $10,000 to $19,999	RENTED STORES $20,000 to $49,999
Number of stores reporting	16	23	35	19	49	69
Average of net sales per store .. $	6,853	14,116	32,038	6,977	14,781	31,214
Average cost of goods sold ...... $	5,386	11,467	26,024	5,297	11,654	25,538
Average beginning inventory ..... $	703	870	2,175	771	898	1,905
Average inventory, end of year .. $	711	914	2,357	837	879	2,028
Stock turnover (times per year) ...	7.61	12.86	11.48	6.30	13.12	12.99
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	21.40	18.77	18.77	24.08	21.16	18.18
Operating expenses:						
Employees' salaries and wages (except delivery)	1.28	3.53	5.24	2.39	2.49	3.94
Taxes	.89	.80	.59	.80	.52	.38
Insurance	.43	.41	.29	.32	.24	.23
Rent	-	-	-	4.75	2.95	2.08
Heat, light and power	2.45	1.71	1.21	1.90	1.23	.95
Delivery expense	.03	.13	.15	.01	.02	.07
Repairs and maintenance	1.05	1.03	.65	.92	.65	.48
Depreciation allowances	.82	1.20	1.06	.45	.54	.56
Store supplies	.72	.69	.45	.92	.68	.51
Advertising	.10	.08	.25	.10	.06	.13
Bad debts - written off	.19	.07	-	.51	.15	.03
(Less) amount recovered	-	-	-	.06	-	-
Net bad debt loss	.19	.07	-	.45	.15	.03
All other expenses	.92	.95	1.23	1.15	.72	.93
Total operating expenses	8.88	10.60	11.12	14.16	10.25	10.29
Net trading profit before proprietors' salaries and income tax deduction	12.52	8.17	7.65	9.92	10.91	7.89

Table 17.--Confectionery Stores - Financial Structure of
Owned and Rented Stores
as at December 31, 1948

Item (*) (Average per store)	Owned	Rented
Assets	$	$
Current assets:		
Cash on hand or in bank	1,641	1,451
Net accounts receivable	137	179
Merchandise inventories	2,987	2,274
Other current assets	284	312
Total current assets	5,049	4,216
Fixed assets (net)	6,414	1,774
Other assets	-	460
Total assets	11,463	6,450
Liabilities and Net Worth:		
Current liabilities	1,538	1,439
Other liabilities	1,563	303
Total liabilities	3,101	1,742
Net Worth	8,362	4,708
Total Liabilities and Net Worth ...	11,463	6,450
Sales	32,805	32,180
Net Profit	4,288	4,073
Ratios:		
Current assets to current liabilities	3.28	2.93
Current assets to fixed assets ..	.79	2.38
Net quick assets to net worth ...	.42	.59
Liabilities to net worth	.37	.37
Sales to net worth	3.92	6.84
Sales to non-current assets	5.11	14.40
Net profit to net worth	.51	.87

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