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GOVERNMENT OF CANADA

OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL FOOD STORES
1950



OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL FOOD STORES — 1950

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NOTICE

The Industry and Merchandising Division of the Bureau of Statistics collects and compiles figures on (a) the primary industries in Canada — mining, forestry, and fishing; (b) manufacturing; (c) construction; and (d) merchandising and services.

For the purpose of annual compilation and publication, reports on merchandising and services have been classified as follows:

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 Operating Results of Miscellaneous Wholesalers (automotive equipment, drugs, hardware, plumbing and heating equipment), 25¢.

Part II — Retail Statistics

- E General Review, 25¢.
- F Retail Trade, 50¢.
- G Retail Chain Stores, 50¢.
- * H Operating Results of Chain Food Stores, 25¢.
- * I Operating Results of Chain Clothing Stores, 25¢.
- * J Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢.
- K Operating Results of Retail Food Stores, 25¢.
- L Operating Results of Retail Clothing Stores, 25¢.
- M Operating Results of Retail Hardware, Furniture, Appliance, and Radio Stores, 25¢.
- N Operating Results of Filling Stations and Garages, 25¢.
- O Operating Results of Miscellaneous Retail Stores, 25¢.
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- U Farm Implement and Equipment Sales, 25¢.
- V New Motor Vehicle Sales and Motor Vehicle Financing, 25¢.

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

- * Biennial reports — not issued for 1950.

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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returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.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 unincorporated 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, etc.

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 before income tax deductions.

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.

DEFINITIONS

Balance Sheet

Assets

Cash on hand — and 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 inventory — 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. 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.

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.

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, accrued expenses such as taxes or rent due but not yet paid, and prepaid or deferred income.

Capital stock — applicable to incorporated companies, represents the investment account of the stockholders in the capital shares of the corporation and does not exceed the amount authorized.

Surplus — 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. This is composed of stock and surplus in the case of incorporated companies and in unincorporated businesses represents the proprietor's or partner's equity including undivided profits.

OPERATING RESULTS AND FINANCIAL STRUCTURE

RETAIL FOOD STORES — 1950

INTRODUCTION

A yardstick of performance is a useful gauge in assessing the success of endeavour. When that yardstick takes the form of a statistical summary of the average operating experience of retail stores, it may not constitute an ideal pattern of operations which all retailers should set as a goal, but it does represent a reasonably useful standard by which the retailer may ascertain whether or not his operations are being conducted as effectively, economically and profitably as those of the trade in general. To the merchant whose profits are below average, the operating results summaries may help to disclose the reasons which account for this situation. Reflection and consideration on the part of the merchant make it possible to decide whether his operating methods should be altered or whether the situation is normal in the light of conditions peculiar to the location of his business.

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 an 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.

Statistics derived from other sources have shown that the mortality rate of business is much higher among new entrants into the field of retailing than among those established for five years or more. There are many reasons for this, some of them associated with the natural incompetence of the initiate retailer which could not be completely overcome by means of operating statement analysis. 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 store, it would seem that most careful attention should be given to maintenance of proper records and provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail food stores. Separate figures are given for:

1. Grocery stores
2. Combination meat and grocery stores
3. Meat markets
4. Fruit and vegetable stores
5. Confectionery stores

There are analysis of:

1. profit and loss statements
2. balance sheets

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

Balance sheet data, which was added in 1948, is continued in this 1950 study. This information is presented by size and occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further breakdown has been made between businesses in operation less than 10 years and those in business 10 years or more. An important change from the 1948 data 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 fixed assets and the sales produced by those assets than was possible when all fixed assets of the proprietor were reported as one item.

The same basic sample of firms is used in this series although the sample varies slightly in each survey year. There is, however, a high degree of continuity among the respondents and is believed that no serious distortion arises out of any change in responding firms. For the most part, successive surveys have provided an increasing response rate, an encouraging feature from the standpoint of accuracy and, it is believed, an indication of the growing realization on the part of merchants of the value of these statistics.

COMPARISON OF MAIN ITEMS BY TRADES

Average Gross and Net Profits, 1938, 1941, 1944, 1945, 1946, 1948, 1950

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
	(Percent of net sales)									
1938	16.0	4.5	17.4	4.1	22.4	5.6				
1941	15.2	5.7	16.9	5.2			(Not available)			
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
1950	14.4	5.2	14.9	4.1	16.1	5.0	17.5	5.9	18.2	7.5

The 1950 net profits of food stores continued their decrease in relation to sales from the 1944 and 1945 levels. Confectionery stores reported the largest decrease from 1948 and combination stores the smallest. The same two trades respectively had the greatest and smallest ratios of net profit - 7.5% for confectionery stores and 4.1% for combination stores.

Gross profits in 1950 increased from the 1948 level in grocery and combination stores, remained constant for fruit and vegetable stores, and decreased in meat markets and confectionery stores. Confectionery stores operated on the highest ratio of gross and net profit but low average sales actually reduced these to the lowest dollar profits of the five food trades surveyed.

Average Inventories and Stock Turnover 1938, 1941, 1944, 1945, 1946, 1948, 1950

Year	Grocery			Combination			Meat		
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹
	\$	\$		\$	\$		\$	\$	
1938	2,570	2,472	9.9	2,275	2,265	13.0	732	732	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
1950	3,528	3,906	10.9	4,453	5,141	13.9	1,130	1,305	43.4
	Fruit and Vegetable			Confectionery					
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹			
	\$	\$					\$	\$	
1945	1,212	1,283	25.2	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			
1950	1,912	2,152	18.8	1,771	1,948	11.3			

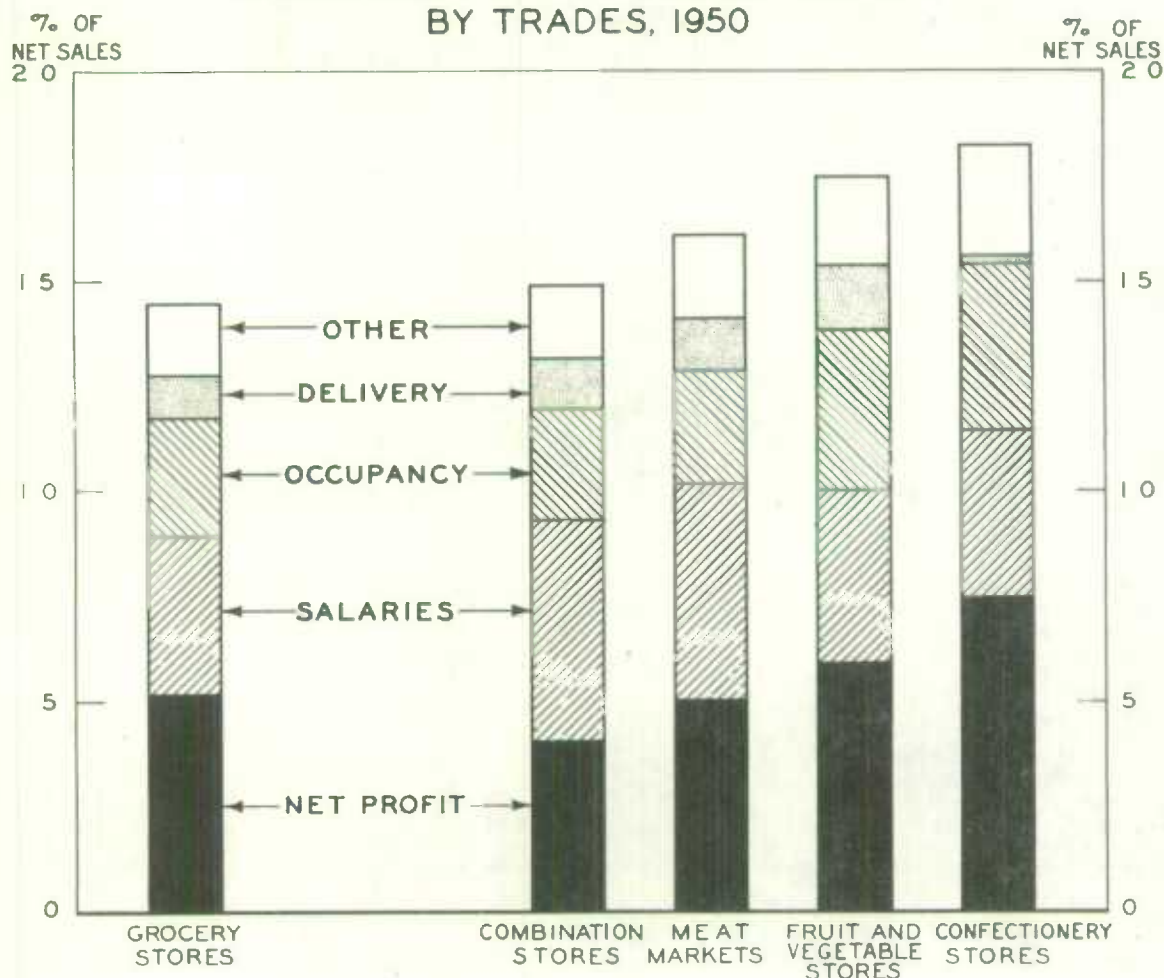
1. Times per year.

Three trades-grocery, fruit and vegetable, and confectionery-stocked a greater dollar volume of merchandise at both the beginning and end of 1950 than at the corresponding dates of 1948. The rate of stock turnover was slower in fruit and vegetable and in confectionery stores than in 1948, a continuation of a downward trend which has been in evidence since 1945 in these trades.

Meat markets, handling a more perishable type of merchandise, had the fastest stock turnover rate.

The 1950 rate of 43.4 times a year exceeded the rates of previous years. Grocery stores, with the most stable line of goods of the five trades, experienced the slowest rate of turnover. Their stock was sold and replaced 10.9 times in the year, or on an average of approximately once every 33 days. The average inventory figures represent dollar volume and any increase does not necessarily reflect a quantity increase.

COMPARISON OF OPERATING RESULTS BY TRADES, 1950



Average Operating Expenses 1950 (Percent of net sales)

Expense Item	Grocery	Combination	Meat	Fruit & vegetable	Confectionery
Salaries (ex. delivery)	3.72	5.26	5.13	4.12	3.91
Occupancy	2.82	2.61	2.69	3.82	4.98
Delivery	1.02	1.25	1.24	1.53	.18
Store Supplies .....	.55	.61	.79	1.11	.48
All other	1.15	1.10	1.21	1.00	1.14
Total operating expenses	9.26	10.83	11.06	11.58	10.69

Salaries paid to employees was the largest single item of expense in all food stores except confectionery stores. Occupancy ranked second in importance among expense items except in confectionery stores where it was first. Combination stores paid a higher share of revenue as salaries and wages (5.26% of sales) than the other trades, and the percentage ranged downward from that figure to a low of 3.72% in grocery stores. Comb-

ination stores realized more sales per occupancy dollar than did other food stores. Occupancy here includes taxes, insurance, rent for rented premises, heat, light and power, repairs and maintenance and depreciation.

Total operating expenses ranged from 9.26% of net sales for grocery stores to 11.58% for fruit and vegetable stores.

FINANCIAL STRUCTURE

Certain balance sheet items and ratios presented in this report are not comparable with those published for 1948 for the following reasons.

1. Government bonds and securities which have a readily realizable market value have been specified on the 1950 form as an item of current assets. In 1948, assets of this nature may have been reported in "other assets". This itemizing of Government bonds and securities has no doubt increased the "current asset" total.

2. Fixed assets used in the business have been separated from those not used in the business. Fixed liabilities-mortgages against the fixed assets-have also been separated to correspond. In the ratio of sales to fixed assets published in 1948, total assets were used. This 1950 bulletin shows the proper ratio of sales to fixed assets used in the business.

The ratios summarized below represent the average of the firms reporting in the over \$20,000 sales groups, and not the over-all trade average.

Balance Sheet Ratios of Food Stores Compared as at December 31, 1950

Item	Grocery stores	Combina- tion stores	Meat markets	Fruit and vegetable stores	Confectionery stores
(Average of firms with net sales of \$20,000 and over)					
Owned					
Current assets to current liabilities.....	2.88	2.40	2.04	4.12	2.34
Current assets to fixed assets.....	1.01	.92	.59	.50	.76
Net quick assets to net worth.....	.44	.40	.26	.31	.35
Sales to fixed assets used in the business.....	7.65	8.42	7.37	5.81	6.36
Liabilities to net worth.....	.36	.48	.45	.22	.51
Rented					
Current assets to current liabilities.....	2.94	2.33	1.94	2.48	3.37
Current assets to fixed assets.....	2.79	1.84	1.64	1.21	2.35
Net quick assets to net worth.....	.67	.53	.46	.43	.60
Sales to fixed assets used in the business.....	31.75	25.24	25.34	25.84	23.31
Liabilities to net worth.....	.45	.53	.63	.39	.31

All trades had a favourable balance of current assets over current liabilities. Meat markets in the rented class were slightly below the recognized standard of 2 at 1.94. Owned fruit and vegetable stores showed \$4.12 current assets for every \$1.00 of current obligation.

Proprietors of grocery stores had the highest ratio of net quick assets to net worth in occupancy categories. After allowing for current liabilities, the owner-proprietor had 44% of his net worth in the form of quick assets, the lessee-merchant 67%.

Fixed assets of combination stores in owned premises produced more sales than in the other food trades. Every \$1.00 of store fixed assets in owned

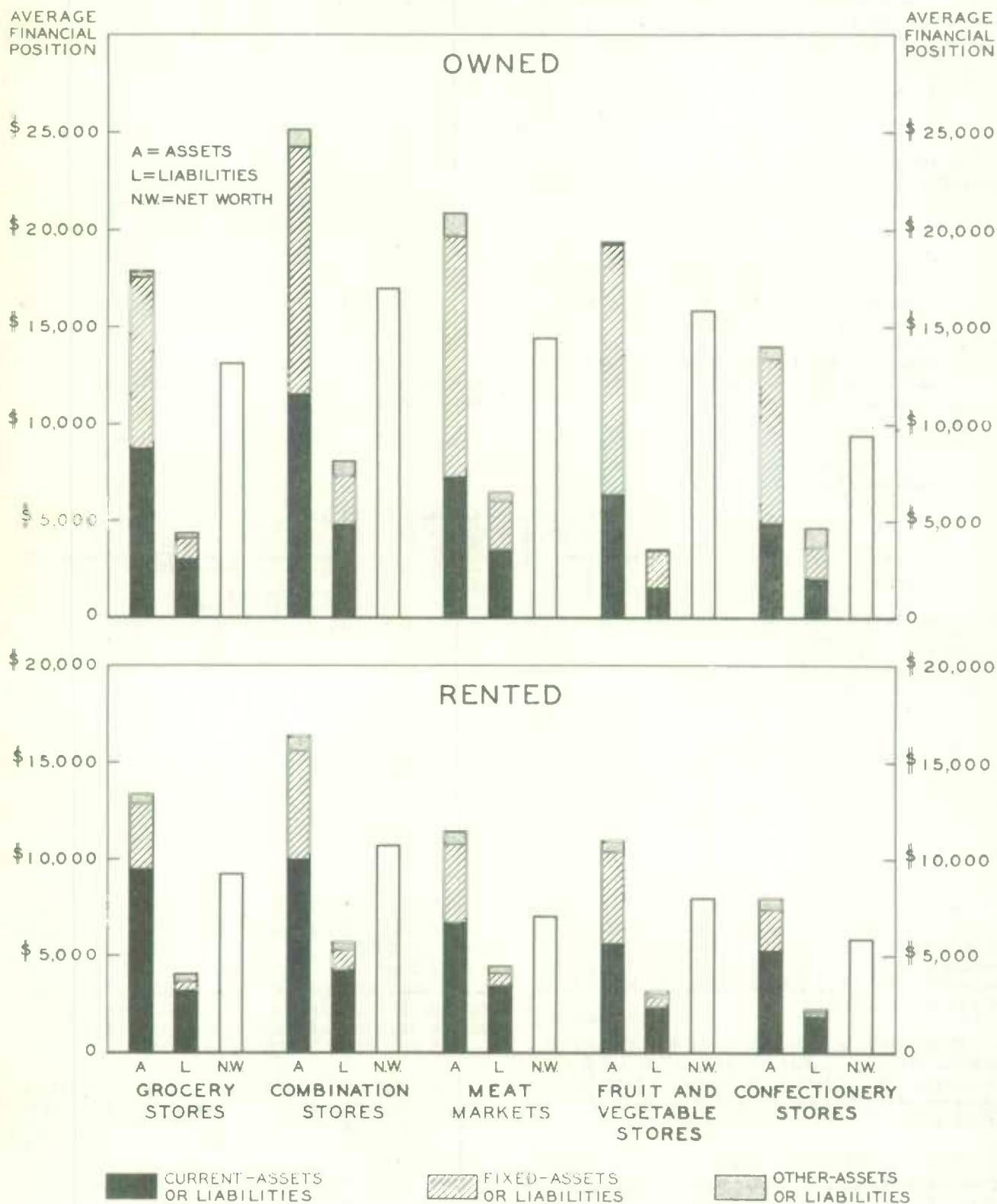
combination stores with over \$20,000 net sales produced \$8.42 sales. In the rented class, where the fixed assets comprise furniture, fixtures and equipment but no land or buildings, the ratios were naturally much greater. Here, grocery stores were highest with \$31.75 sales for every \$1.00 of fixed assets used in the business, and confectionery stores were lowest with a ratio of \$23.31 to \$1.00.

The ratio of liabilities to net worth was under .50 for most categories. The proprietor of the average "rented" meat market had .63 cents liabilities for every \$1.00 net worth while the "owned" fruit and vegetable store proprietor who had the highest current ratio also had the least liabilities in relation to net worth 0.22 cents to \$1.00.

COMPARISON OF FINANCIAL STRUCTURE BY TRADES

AVERAGE FINANCIAL POSITION DECEMBER 31, 1950

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



GROCERY STORES

This classification includes stores commonly known as grocery stores. Fresh meats were handled by some, but where this item represented more than 20% of sales, the store was classified as a combination store. After careful editing of the forms returned, it was possible to use 1,044 reports from independent unincorporated firms in the tabulation of profit and loss data. Summary results distinguish those of owned and rented premises, and there is a further division according to sales-size groups.

Balance sheet results were tabulated for the sales-size groups over \$20,000 and a further breakdown was possible by "age" of business. Returns from 617 firms were used to obtain the balance sheet results contained in this part of the bulletin.

Features of the operating results and of the financial position of grocery stores at December 31, 1950 are summarized below:

Operating Results

Gross profit was little changed from previous years.

But operating expenses increased from 8.32% of net sales in 1948 to 9.26% in 1950.

This reduced net profit from 5.65% in 1948 to 5.18% in 1950.

Increase of the proportion spent on salaries accounted for half the rise in total expenses.

Gross and net profit ratios were higher in the smaller stores and decreased in the larger sizes.

The dollar volume of stock was greater at the end of the year than at the beginning.

The rate of stock turnover ranged from 4.19 times a year in small stores to 14.24 times in the largest.

The average owner-proprietor had \$2.88 current assets for every \$1.00 current liabilities and the lessee-merchant \$2.94.

Business in operation 10 years or more were generally in better financial positions than those with less than 10 years experience.

Other averages, percentage and ratios may be obtained from the tables in the following pages.

Operating Results of Independent Grocery Store
1948 and 1950 Compared

Item	1948	1950
Number of stores reporting.....	940	1,044
Average net sales per store.....	\$42,074	\$47,217
Profit and Loss Data (Percentage of net sales)		
Gross profit.....	13.97	14.44
Operating expenses:		
Employees' salaries	3.33	3.72
Occupancy	2.47	2.82
Delivery.....	.96	1.02
Store supplies.....	.54	.55
All other expenses.....	1.02	1.15
Total operating expenses	8.32	9.26
Net profit before deduction of proprietors' salaries and income tax	5.65	5.18

**Balance Sheet Ratios of
Independent Grocery Stores
as at December 31, 1950**

Ratio	Ow ned	Rented
Current assets to current liabilities.....	2.88	2.94
Current assets to fixed assets	1.01	2.79
Net quick assets to net worth	.44	.67
Sales to fixed assets used in the business	7.65	31.75
Liabilities to net worth.....	.36	.44

**GROCERY STORES
GROSS AND NET PROFITS**

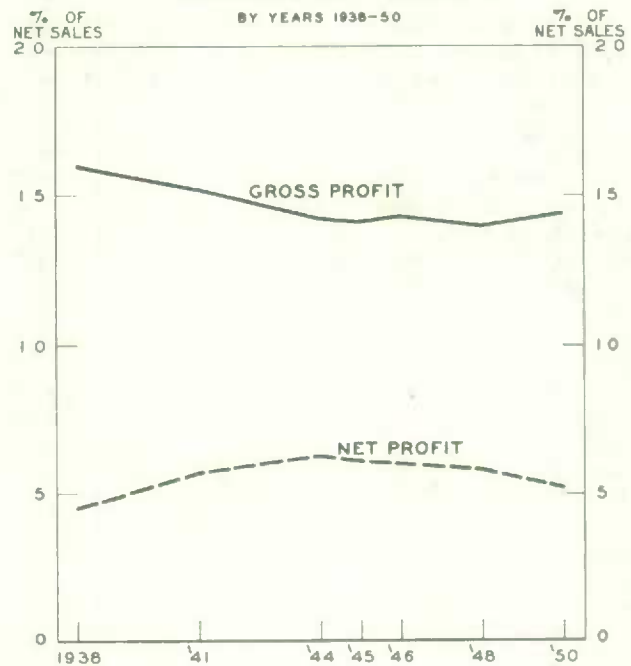


TABLE 1. Grocery Stores — Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	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	31	126	281	118	36	14	65	210	111	52
Average net sales per store \$	6,751	15,689	32,771	64,783	177,313	6,986	15,434	35,383	70,638	144,228
Average cost of goods sold..... \$	5,483	13,379	28,210	55,743	152,628	5,488	12,913	30,315	59,947	122,782
Average beginning inventory..... \$	829	1,612	2,793	4,697	9,930	1,172	1,454	2,630	5,599	9,098
Average inventory, end of year..... \$	998	1,710	3,071	5,395	11,500	1,447	1,584	2,837	5,987	10,286
Stock turnover (times per year).....	6.01	8.05	9.62	11.05	14.24	4.19	8.50	11.09	10.35	12.67
Profit and Loss Data (Per cent of net sales)										
Gross profit	18.78	14.72	13.92	13.95	13.92	21.44	16.34	14.32	15.13	14.87
Operating expenses:										
Employees' salaries and wages (except delivery)	0.28	1.26	2.59	3.59	4.81	0.20	1.81	2.88	4.36	5.52
Taxes.....	1.32	0.73	0.52	0.37	0.28	0.67	0.38	0.24	0.19	0.18
Insurance.....	0.41	0.38	0.31	0.28	0.23	0.64	0.21	0.20	0.25	0.17
Rent	—	—	—	—	—	4.23	2.54	1.65	1.23	0.98
Heat, light and power	1.93	1.32	0.75	0.55	0.39	1.97	0.98	0.63	0.40	0.30
Delivery	0.61	0.47	0.95	1.05	1.19	0.31	0.69	0.92	1.22	1.04
Repairs and maintenance	0.35	0.58	0.43	0.40	0.38	0.43	0.23	0.27	0.27	0.21
Depreciation allowances.....	0.88	0.61	0.89	0.90	0.98	0.41	0.35	0.44	0.49	0.52
Store supplies	0.75	0.55	0.49	0.53	0.65	0.85	0.63	0.50	0.54	0.61
Advertising	0.15	0.07	0.16	0.21	0.32	0.04	0.08	0.17	0.24	0.32
Bad debts — written off	0.44	0.16	0.09	0.13	0.23	0.31	0.12	0.10	0.18	0.12
(Less) amount recovered.....	0.04	—	—	0.01	0.04	—	—	0.01	0.01	0.02
Net bad debt loss	0.40	0.16	0.09	0.12	0.19	0.31	0.12	0.09	0.17	0.10
All other expenses.....	0.87	0.74	0.78	0.71	0.80	1.38	1.49	0.69	0.80	0.88
Total operating expenses	7.95	6.87	7.96	8.71	10.22	11.44	9.51	8.68	10.16	10.83
Net trading profit before proprietors' salaries and income tax deduction	10.83	7.85	5.96	5.24	3.70	10.00	6.83	5.64	4.97	4.04

1. Less than 0.005%

TABLE 2. Grocery Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of									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	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	1,115	1,195	1,172	1,673	1,717	1,700	1,650	3,181	2,750	1,460
Accounts and notes receivable (net)	824	977	933	2,171	2,210	2,195	5,540	7,400	6,877	1,821
Merchandise inventory	3,066	3,272	3,214	4,820	5,862	5,463	8,231	12,408	11,233	4,559
Other current assets:										
Government bonds and securities	119	789	599	486	1,610	1,180	522	3,410	2,598	929
Prepaid expenses	19	10	13	26	156	106	67	288	226	58
Total current assets	5,143	6,243	5,931	9,176	11,535	10,644	16,010	26,687	23,684	8,837
Fixed assets (net):										
Used in the business	6,435	5,532	5,788	8,417	7,107	7,608	13,100	18,936	17,294	7,338
Not used in the business	1,262	1,457	1,401	1,159	1,903	1,619	1,872	440	844	1,409
Total net fixed assets	7,697	6,989	7,189	9,576	9,010	9,227	14,972	19,376	18,138	8,747
Other assets:										
Investments of a permanent nature	25	226	169	125	100	109	—	77	55	142
Other, such as goodwill	205	165	177	136	92	109	—	191	137	155
Total other assets	230	391	346	261	192	218	—	268	192	297
Total assets	13,070	13,623	13,466	19,013	20,757	20,089	30,982	46,331	42,014	17,881
Liabilities										
Current liabilities—accounts and notes payable	1,494	1,665	1,617	2,973	2,879	2,915	10,372	14,791	13,548	3,065
Fixed liabilities — mortgages on fixed assets										
Used in the business	1,172	298	546	1,749	1,031	1,306	3,003	1,431	1,874	874
Not used in the business	89	327	259	239	183	204	—	—	—	220
Other liabilities	346	226	260	1,132	474	726	1,919	2,002	1,978	544
Total Liabilities	3,101	2,516	2,682	6,093	4,567	5,151	15,294	18,224	17,400	4,703
Net worth—proprietor's or partners' equity in the business	9,969	11,107	10,784	12,920	16,190	14,938	15,688	28,107	24,614	13,178
Total liabilities and net worth	13,070	13,623	13,466	19,013	20,757	20,089	30,982	46,331	42,014	17,881
Number of stores reporting	63	159	222	36	58	94	9	23	32	348
Average net sales of stores reporting	34,543	33,335	33,678	68,378	66,182	67,023	147,751	192,807	180,135	56,152

1. See definitions on page 5 for more detail.

TABLE 3. Grocery Stores — Rented — Financial Structure by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of									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	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	838	1,214	1,064	1,472	1,907	1,724	2,407	3,789	3,279	1,646
Accounts and notes receivable (net)	967	1,044	1,013	2,836	2,479	2,629	4,910	4,777	4,827	2,164
Merchandise inventory	2,841	2,786	2,808	5,719	6,304	6,057	10,010	10,344	10,220	5,078
Other current assets:										
Government bonds and securities	63	458	300	754	757	756	355	894	694	508
Prepaid expenses	51	49	50	40	30	34	268	146	191	69
Total current assets	4,760	5,551	5,235	10,821	11,477	11,200	17,950	19,950	19,211	9,465

1. See definitions on page 5 for more detail.

TABLE 3. Grocery Stores - Rented - Financial Structure by Size and Age of Business as at December 31, 1950 - Conc.

Item (Average per store)	Stores with annual net sales of									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	Under 10 years	10 years and over	Total	
Assets — concluded:										
Fixed assets (net):										
Used in the business	1,750	1,079	1,347	2,740	2,059	2,347	4,228	3,339	3,666	2,052
Not used in the business	1,273	901	1,050	874	1,661	1,329	1,000	2,951	2,231	1,338
Total net fixed assets	3,023	1,980	2,397	3,614	3,720	3,676	5,226	6,290	5,897	3,390
Other assets										
Investments of a permanent nature	2	261	157	103	108	106	33	267	180	146
Other, such as goodwill	255	146	190	660	431	527	724	312	464	341
Total other assets	257	407	347	763	539	633	757	579	644	487
Total assets	8,040	7,938	7,979	15,198	15,736	15,509	23,933	26,819	25,752	13,342
Liabilities										
Current liabilities—accounts and notes payable:	1,419	1,370	1,390	4,150	3,583	3,822	6,938	8,189	7,727	3,224
Fixed liabilities—mortgages on fixed assets:										
Used in the business	138	55	88	462	—	195	140	—	52	115
Not used in the business	538	179	322	286	75	164	280	370	336	276
Other liabilities	232	172	196	650	621	633	1,609	730	1,055	478
Total liabilities	2,327	1,776	1,996	5,548	4,279	4,814	8,967	9,289	9,170	4,093
Net worth — proprietor's or partners' equity in the business	5,713	6,162	5,983	9,650	11,457	10,695	14,966	17,530	16,582	9,249
Total liabilities and net worth	8,040	7,938	7,979	15,198	15,736	15,509	23,933	26,819	25,752	13,342
Number of stores reporting	56	84	140	35	48	83	17	29	46	269
Average net sales of store reporting	37,275	35,996	36,508	75,657	68,238	71,366	128,128	148,768	141,140	65,156

1. See definitions on page 5 for more detail.

COMBINATION STORES

Stores selling both groceries and meats are classed as combination stores whenever the smaller of the two commodities forms not less than 20% of total sales. Profit and loss statements from 821 such stores were used to produce the average results which are presented by sales-size and occupancy groups. There were too few with sales under \$10,000 to warrant publication of results. Balance sheet

information, supplied by 560 firms, was tabulated only for those with annual net sales of \$20,000 and over. Tabulations were made on an age, size and occupancy basis.

Summary points on the 1950 operations of combination stores and their financial position at the end of the year are given below.

Operating Results

The average gross profit in 1950, at 14.88% of net sales, was slightly higher than in 1948.

Operating expenses, higher than in other recent years, offset the gain in gross profit to leave a smaller average net profit than in 1948.

In 1950, net profits ranged from 7.10% of sales in the smaller size-groups to 3.50% in the larger stores.

Stock was sold and replaced 8.50 times a year or once every 43 days in the smallest sales-size class and 15.01 times or approximately once every 24 days in the largest group.

The owner-proprietor of the average store with over \$20,000 annual sales had \$2.40 current assets at the end of 1950 for every \$1.00 of current obligation. Lessee-merchants had a current ratio of 2.33.

**Operating Results of Combination Stores
1948 and 1950 Compared**

Item	1948	1950
Number of stores reporting.....	735	821
Average net sales	\$72,557	\$78,079
Profit and Loss Data (Percentage of net sales)		
Gross profit	14.55	14.88
Operating Expenses:		
Employees' salaries	4.89	5.26
Occupancy	2.34	2.61
Delivery	1.26	1.25
Store supplies .....	.61	.61
All other expenses	1.05	1.10
Total operating expenses	10.15	10.83
Net profit before deduction of proprietors' salaries and income tax	4.40	4.05

**Balance Sheet Ratios of
Independent Combination Stores
as at December 31, 1950**

Ratio	Ow ned	Rented
Current assets to current liabilities.....	2.40	2.33
Current assets to fixed assets	.92	1.84
Net quick assets to net worth	.40	.55
Sales to fixed assets used in the business	8.42	25.24
Liabilities to net worth	—	.53

**COMBINATION STORES
GROSS AND NET PROFITS**

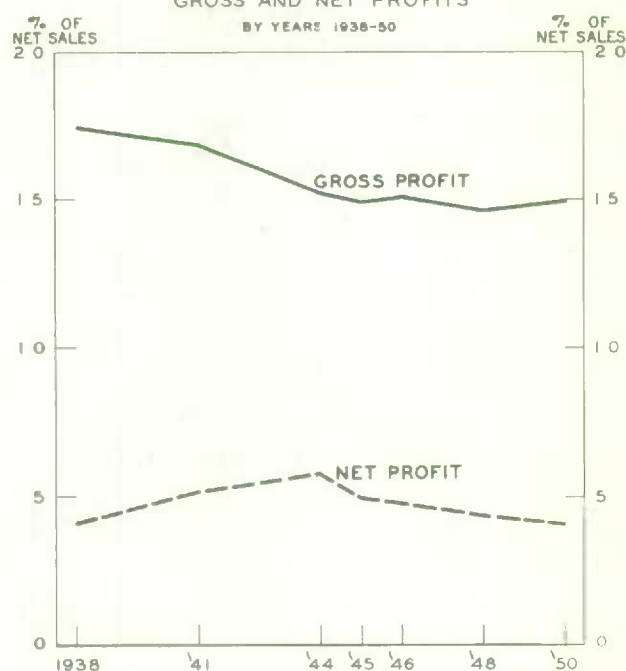


TABLE 4. Combination Stores — Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$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..... No.	45	145	170	108	14	94	134	104
Average net sales per store..... \$	15,731	34,018	74,105	161,176	16,355	36,348	70,742	146,915
Average cost of goods sold..... \$	13,268	29,149	63,514	137,535	13,181	30,730	59,930	124,465
Average beginning inventory..... \$	1,332	2,578	4,420	8,376	1,483	2,465	3,874	7,549
Average inventory, end of year..... \$	1,381	2,616	5,135	10,405	1,620	2,580	4,242	9,034
Stock turnover (times per year).....	9.78	11.22	13.30	14.65	8.50	12.18	14.77	15.01
Profit and Loss Data (per cent of net sales)								
Gross profit.....	15.65	14.31	14.29	14.67	19.42	15.46	15.28	15.28
Operating expenses:								
Employees' salaries and wages (except delivery).....	1.76	3.21	4.77	5.88	2.31	3.53	5.25	6.22
Taxes.....	0.82	0.47	0.36	0.31	0.43	0.28	0.20	0.14
Insurance.....	0.34	0.30	0.28	0.26	0.31	0.23	0.22	0.23
Rent.....	—	—	—	—	3.38	1.68	1.11	0.86
Heat, light and power.....	1.34	0.81	0.56	0.39	1.22	0.58	0.40	0.32
Delivery.....	1.23	1.31	1.15	1.19	2.24	1.39	1.36	1.26
Repairs and maintenance.....	0.54	0.42	0.43	0.34	0.62	0.31	0.34	0.28
Depreciation allowance.....	0.64	0.88	0.98	0.84	0.43	0.64	0.55	0.73
Store supplies.....	0.62	0.67	0.55	0.63	0.76	0.66	0.65	0.58
Advertising.....	0.07	0.16	0.19	0.28	0.11	0.12	0.20	0.33
Bad debts — written off.....	0.16	0.16	0.12	0.11	0.37	0.18	0.10	0.08
(Less) amount recovered.....	0.02	0.01	0.01	0.01	1	0.04	0.04	0.01
Net bad debt loss.....	0.16	0.15	0.11	0.10	0.37	0.14	0.06	0.07
All other expenses.....	1.03	0.75	0.82	0.77	1.12	0.74	0.66	0.76
Total operating expenses.....	8.55	9.13	10.20	10.99	13.30	10.30	11.00	11.78
Net trading profit before proprietors' salaries and income tax deduction.....	7.10	5.18	4.09	3.68	6.12	5.16	4.28	3.50

1. Less than 0.005%.

TABLE 5. Combination Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of									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	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	762	1,264	1,110	1,030	2,252	1,833	2,569	3,462	3,199	2,000
Accounts and notes receivable (net)	1,086	1,012	1,035	2,434	2,567	2,521	5,344	5,891	5,730	2,978
Merchandise inventory	2,735	2,325	2,450	4,820	5,477	5,252	11,651	9,774	10,327	5,840
Other current assets:										
Government bonds and securities	29	284	206	339	1,399	1,036	440	1,042	865	740
Prepaid expenses	6	7	7	22	149	106	148	26	62	64
Total current assets	4,618	4,892	4,808	8,643	11,844	10,746	20,152	20,195	20,183	11,622
Fixed assets (net):										
Used in the business	7,410	5,177	5,862	10,450	8,738	9,325	20,236	15,497	16,894	10,414
Not used in the business	1,085	1,993	1,714	1,096	2,291	1,881	1,432	4,362	3,498	2,285
Total net fixed assets	8,495	7,170	7,576	11,546	11,029	11,206	21,668	19,859	20,392	12,699
Other assets:										
Investments of a permanent nature	—	293	203	35	882	592	448	1,556	1,230	655
Other, such as goodwill	248	68	123	38	147	110	198	357	309	169
Total other assets	248	361	326	73	1,029	702	644	1,913	1,539	824
Total assets	13,361	12,423	12,710	20,264	23,902	22,656	42,464	41,967	42,114	25,145
Liabilities										
Current liabilities—accounts and notes payable	1,872	1,365	1,520	3,594	4,191	3,987	9,811	9,648	9,696	4,852
Fixed liabilities—mortgages on fixed assets:										
Used in the business	1,604	391	763	2,865	1,114	1,714	8,155	1,768	3,650	1,973
Not used in the business	574	266	361	279	473	407	307	1,093	862	520
Other liabilities.....	312	287	295	698	616	644	3,543	768	1,586	804
Total liabilities	4,362	2,309	2,939	7,436	6,394	6,752	21,816	13,277	15,794	8,149
Net worth—proprietor's or partners' equity in the business	8,999	10,114	9,771	12,828	17,508	15,904	20,648	28,690	26,320	16,996
Total liabilities and net worth	13,361	12,423	12,710	20,264	23,902	22,656	42,464	41,967	42,114	25,145
Number of stores reporting.....	31	70	101	49	94	143	28	87	95	339
Average net sales of stores reporting	37,263	32,742	34,130	71,723	76,513	74,872	175,481	158,946	163,820	87,660

1. See definitions on page 5 for more detail.

TABLE 6. Combination Stores—Rented—Financial Structure by Size and Age of Business

Item ¹ (Average per store)	Stores with annual net sales of									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	Under 10 years	10 years and over	Total	
Assets										
Currents assets:										
Cash on hand and in bank.....	862	592	709	1,607	1,619	1,614	2,204	2,373	2,298	1,629
Accounts and notes receivable (net)	941	882	908	1,748	2,306	2,090	3,491	5,410	4,566	2,647
Merchandise inventory	2,241	2,567	2,426	3,577	4,198	3,958	8,606	9,117	8,892	5,265
Other current assets:										
Government bonds and securities	61	381	242	81	273	199	234	1,271	814	418
Prepaid expenses	3	54	32	2	100	62	77	171	130	78
Total current assets	4,108	4,476	4,317	7,015	8,496	7,923	14,612	18,342	16,700	10,037
Fixed assets (net):										
Used in the business	2,955	1,398	2,074	3,115	2,721	2,873	6,469	4,629	5,439	3,552
Not used in the business	340	1,381	929	2,505	3,682	3,226	2,046	942	1,428	2,065
Total net fixed assets	3,295	2,779	3,003	5,620	6,403	6,099	8,515	5,571	6,867	5,617
Other assets:										
Investments of a permanent nature	55	—	24	80	220	166	—	1,129	632	290
Other, such as goodwill	276	50	148	896	571	697	1,039	59	490	495
Total other assets	331	50	172	976	791	863	1,039	1,188	1,122	783
Total assets	7,734	7,305	7,492	13,611	15,690	14,885	24,166	25,101	24,669	16,439
Liabilities										
Current liabilities—accounts and notes payable..	2,369	1,363	1,799	3,023	3,172	3,114	7,654	7,490	7,562	4,308
Fixed liabilities—mortgages on fixed assets:										
Used in the business	1,186	58	548	619	59	276	1,141	24	515	422
Not used in the business	130	260	204	481	1,013	807	944	48	442	538
Other liabilities	31	248	154	228	252	243	1,318	571	900	445
Total liabilities	3,716	1,929	2,705	4,351	4,496	4,440	11,057	8,133	9,419	5,713
Net worth—proprietor's or partner's equity in the business	4,018	5,376	4,787	9,260	11,194	10,445	13,109	16,967	15,270	10,726
Total liabilities and net worth	7,734	7,305	7,492	13,611	15,690	14,885	24,166	25,100	24,889	16,439
Number of stores reporting	23	30	53	36	57	93	33	42	75	221
Average net sales of stores reporting	40,367	34,734	37,179	72,895	75,045	74,212	137,063	152,884	145,923	89,667

1. See definitions on page 4 for more detail.

MEAT MARKETS

Stores in this classification are those selling fresh meats with related lines of poultry, fish and dairy products. If groceries form more than 20% of net sales, the business is classified as a combination store.

Reports suitable for tabulation of profit and loss data were received from 314 stores. The results are shown by sales-size groups with too few reporting in the class "under \$10,000" to permit publication of the results. A distinction is also made between

stores operated from owned premises and those from rented premises. Balance sheet data were tabulated only for stores with annual net sales of \$20,000 or more. Reports suitable for this purpose were received from 194 meat markets and results are shown by type of occupancy and sales-size.

Some of the more important features in the 1950 operations of independent meat markets and their financial structure at the end of the year were as follows

Operating Results

Little change took place in the main 1950 operating ratios of meat markets as compared with 1948.

A greater dollar volume of merchandise was in stock at the end of 1950 than at the beginning of the year.

The rate of stock turnover ranged from 16.44 times a year in the smallest size stores to 53.41 times in the largest.

The current ratio—current assets to current liabilities stood at 2.04 for the proprietor who owned his premises and at 1.94 for the merchant operating from leased premises.

Every \$1.00 invested in fixed assets produced \$7.37 sales for the "owned" operator and \$25.34 sales for the merchant who operated from rented premises

**Operating Results of Independent Retail Meat Markets
1948 and 1950 Compared**

Item	1948	1950
Number of stores reporting.....	328	314
Average net sales	\$59,382	\$62,931
Profit and Loss Data (Percentage of net sales)		
Gross Profit	16.59	16.08
Operating expenses:		
Employees' salaries	5.04	5.13
Occupancy.....	2.70	2.69
Delivery.....	1.20	1.24
Store Supplies.....	.91	.79
All other expenses.....	1.23	1.21
Total operating expenses	11.08	11.06
Net profit before deduction of proprietors' salaries and income tax	5.51	5.02

**Meat Markets - Financial Ratios
as at December 31, 1950**

Ratio	Owmed Stores	Rented Stores
Current assets to current liabilities.....	2.04	1.94
Current assets to fixed assets .....	.59	1.04
Net quick assets to net worth .....	.26	.46
Sales to fixed assets used in the business	7.37	25.34
Liabilities to net worth .....	.45	.63

**MEAT MARKETS
GROSS AND NET PROFITS
BY YEARS 1944-50**

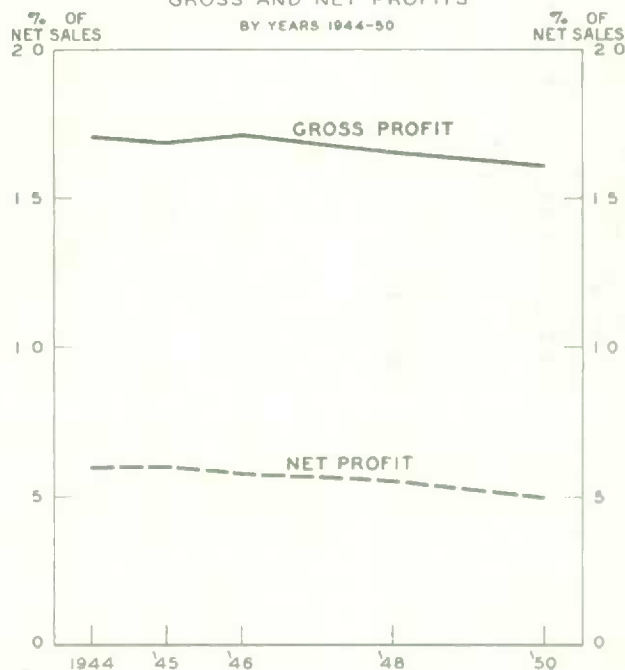


TABLE 7 Meat Markets — Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$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.....	16	46	36	17	18	64	75	34
Average net sales per store.....	\$ 15,352	33,007	69,986	148,780	15,919	35,252	68,772	151,815
Average cost of goods sold.....	\$ 11,904	27,577	58,915	124,129	12,599	29,327	57,777	129,357
Average beginning inventory.....	\$ 718	697	1,233	2,423	454	625	1,345	2,120
Average inventory, end of year.....	\$ 730	758	1,342	2,999	587	702	1,345	2,724
Stock turnover (times per year).....	16.44	37.93	45.77	45.79	24.23	44.23	40.64	53.41
Profit and Loss Data (Per cent of net sales)								
Gross profit.....	22.46	16.45	15.82	19.77	20.86	16.81	16.20	14.79
Operating Expenses:								
Employees' salaries and wages (except delivery).....	2.52	3.82	4.96	8.25	1.37	3.88	5.33	5.41
Taxes.....	.51	.38	.32	.41	.28	.21	.13	.12
Insurance.....	.42	.29	.23	.30	.23	.15	.18	.19
Rent.....	—	—	—	—	2.25	1.45	1.15	.91
Heat, light and power.....	1.02	.81	.56	.48	.97	.56	.41	.27
Delivery.....	1.63	1.27	1.31	1.09	1.48	1.30	1.11	1.41
Repairs and maintenance.....	.78	.49	.42	.44	.52	.32	.26	.27
Depreciation allowances.....	1.13	1.21	.92	1.21	.55	.69	.63	.45
Store supplies.....	.66	.66	.74	.89	.80	.74	.80	.82
Advertising.....	.14	.20	.15	.19	.02	.13	.15	.13
Bad debts — written off.....	.11	.11	.15	.08	.08	.05	.11	.04
(Less) amount recovered.....	—	.01	.03	.01	—	—	—	—
Net bad debt loss.....	.11	.10	.12	.07	.08	.05	.11	.04
All other expenses.....	1.05	1.45	1.10	1.15	1.24	.79	1.01	.89
Total operating expenses.....	9.97	10.88	10.83	14.48	9.79	10.27	11.27	10.91
Net trading profit before proprietors' salaries and income tax deduction.....	12.49	5.57	4.99	5.29	11.07	6.54	4.93	3.88

1. Less than 0.005%.

TABLE 8. Meat Markets — Financial Structure by Size and Occupancy as at December 31, 1950.

Item ¹ (Average per store)	Owned stores				Rented stores			
	With annual net sales of			Total	With annual net sales of			Total
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over		\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Assets								
Current assets:								
Cash on hand and in bank	1,000	3,361	4,490	2,652	1,184	2,187	3,094	2,078
Accounts and notes receivable (net)	1,420	2,448	3,188	2,188	868	1,529	4,240	1,983
Merchandise inventory	890	1,470	3,248	1,592	743	1,439	2,844	1,554
Other current assets:								
Government bonds and securities	578	842	1,529	792	1,056	221	2,162	974
Prepaid expenses	—	132	146	82	7	30	428	121
Total current assets	3,888	8,053	12,601	7,306	3,878	5,406	12,768	6,710
Fixed assets (net):								
Used in the business	5,857	10,155	16,477	9,706	2,029	2,858	4,859	3,076
Not used in the business	1,841	3,795	2,251	2,719	864	453	2,239	1,028
Total fixed assets	7,698	13,950	18,728	12,425	2,893	3,311	7,098	4,104
Other assets:								
Investments of a permanent nature	230	537	3,191	940	659	—	717	394
Other, such as goodwill	494	47	55	225	36	156	819	279
Total other assets	724	584	3,246	1,165	695	156	1,536	673
Total assets	12,310	22,587	34,575	20,896	7,466	8,873	21,402	11,487
Liabilities								
Current liabilities — accounts and notes payable	1,333	4,226	6,755	3,583	1,114	2,442	8,385	3,464
Fixed liabilities — mortgages on fixed assets:								
Used in the business	1,141	2,284	1,456	1,669	205	66	23	101
Not used in the business	289	1,531	353	808	116	196	1,918	592
Other liabilities	92	143	1,507	392	183	299	434	295
Total liabilities	2,855	8,104	10,071	6,452	1,618	3,003	10,760	4,452
Net worth — proprietor's or partners' equity in the business	9,455	14,403	24,504	14,444	5,848	5,870	10,642	7,035
Total liabilities and net worth	12,310	22,587	34,575	20,896	7,466	8,873	21,402	11,487
Number of stores reporting	30	31	15	76	39	50	29	118
Average net sales of stores reporting	34,372	72,145	144,219	71,499	36,358	68,719	149,800	77,950

1. See definitions on page 5 for more detail.

FRUIT AND VEGETABLE STORES

These stores specialize in the sale of fresh fruits and vegetables. While other commodities such as groceries, tobacco and confectionery may be handled, they must form less than 50% of total sales for the business to remain in this classification. After careful editing, 183 reports were found suitable for tabulation of profit and loss data. Results are presented for three sales-size classes within the

range of \$10,000 to \$99,999 for both the owned and rented type of occupancy.

Balance sheet information was tabulated for two size classes in each occupancy group for which 96 returns were used.

Summary points on the 1950 operations of fruit and vegetable stores and their financial position at December 31, 1950 are given below:

Operating Results

Average gross profit at 17.48% of net sales changed little from the 17.51% obtained in 1948.

Operating expenses increased from 11.01% in 1948 to 11.58% in 1950.

This produced a smaller net profit in 1950 amounting to 5.90% of net sales.

Following the general pattern of other trades, gross and net profit percentages decreased as the size of business increased.

Stock was sold and replaced more often in the larger stores than in the smaller and the rate of turnover ranged from 21.13 times a year to 13.18 times.

The owner-proprietor had \$4.12 current assets at the end of the year for every \$1.00 of current liabilities while the lessee-merchant had \$2.48.

**Operating Results of Independent Retail Fruit and Vegetable Stores
1948 and 1950 Compared**

Item	1948	1950
Number of stores reporting	165	183
Average net sales	\$41,404	\$46,225
Profit and Loss Data (Percentage of net sales)		
Gross Profit	17.51	17.48
Operating expenses		
Employees' salaries	3.48	4.12
Occupancy	3.85	3.82
Delivery	1.63	1.53
Stores supplies	1.11	1.11
All other expenses .....	.94	1.00
Total operating expenses	11.01	11.58
Net trading profit before proprietors' salaries and income tax deduction	6.50	5.90

**Balance Sheet Ratios of Independent
Fruit and Vegetable Stores
as at December 31, 1950**

Ratio	Owmed stores	Rented stores
Current assets to current liabilities	4.12	2.48
Current assets to fixed assets	.50	1.21
Net quick assets to net worth	.31	.43
Sales to fixed assets used in the business	5.81	25.84
Liabilities to net worth .....	.22	.39

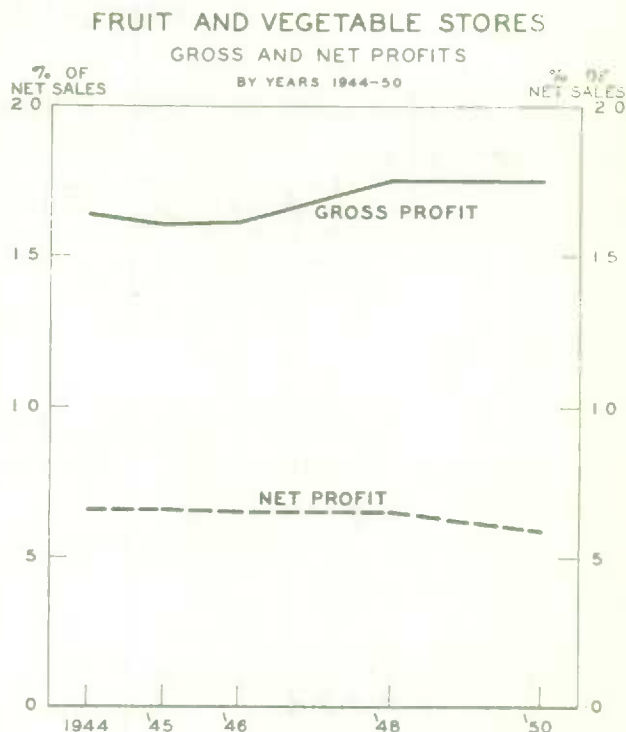


TABLE 9. Fruit and Vegetable Stores - Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owmed stores with annual net sales of			Rented stores with annual net sales of		
	\$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	10	26	17	18	53	45
Average net sales per store	\$ 15,160	\$ 33,307	\$ 70,796	\$ 16,027	\$ 32,907	\$ 65,902
Average cost of goods sold	\$ 12,280	\$ 27,946	\$ 59,540	\$ 12,206	\$ 26,816	\$ 54,251
Average beginning inventory	\$ 903	\$ 1,301	\$ 3,352	\$ 720	\$ 1,688	\$ 2,371
Average inventory, end of year	\$ 961	\$ 1,507	\$ 3,404	\$ 749	\$ 1,838	\$ 2,763
Stock turnover (times per year)	13.18	19.90	17.63	16.63	15.21	21.13
Profit and Loss Data (Per cent of net sales)						
Gross profit	19.00	16.09	15.90	23.84	18.51	17.68
Operating expenses:						
Employees' salaries and wages (except delivery)	2.45	3.59	3.78	2.41	3.00	4.51
Taxes	2.09	.92	.45	.39	.29	.18
Insurance .....	.49	.38	.31	.22	.25	.20
Rent	—	—	—	3.92	3.02	2.56
Heat, light and power	1.37	.86	.64	.81	.66	.47
Delivery	2.38	1.35	1.37	1.46	1.30	1.61
Repairs and maintenance .....	.73	.58	.33	.28	.29	.23
Depreciation allowances .....	.65	1.15	.82	.44	.51	.45
Store supplies .....	.97	1.19	1.36	.78	1.18	1.14
Advertising .....	.01	.17	.13	.09	.09	.09
Bad debts-written off .....	.13	.03	1	1	—	.06
(Less) amount recovered	—	—	—	—	1	—
Net bad debt loss .....	.13	.03	1	1	.10	.06
All other expenses	1.33	.89	.77	.69	.88	.74
Total operating expenses	12.60	11.11	9.66	11.51	11.57	12.02
Net trading profit before proprietors' salaries and income tax deduction	6.40	4.98	6.24	12.33	6.94	5.66

1. Less than 0.005%

TABLE 10. Fruit and Vegetable Stores - Financial Structure by Size and Occupancy, as at December 31, 1950

Item ¹ (Average per store)	Owned stores			Rented stores		
	With annual net sales of		Total	With annual net sales of		Total
	\$20,000 - \$49,999	\$50,000 - \$99,999		\$20,000 - \$49,999	\$50,000 - \$99,999	
Assets						
Current assets						
Cash on hand and in bank.....	2,121	1,438	2,228	1,787	1,830	1,819
Accounts and notes receivable (net).....	126	517	320	129	890	508
Merchandise inventory.....	1,480	3,821	2,702	2,084	2,911	2,841
Other current assets:						
Government bonds and securities.....	822	693	819	602	510	526
Prepaid expenses.....	474	76	358	3	2	6
Total current assets.....	5,023	6,545	6,427	4,605	6,143	5,700
Fixed assets (net):						
Used in the business.....	9,441	13,239	10,729	1,537	2,146	2,142
Not used in the business.....	4,087	—	2,180	4,294	1,069	2,561
Total net fixed assets.....	13,528	13,239	12,909	5,831	3,215	4,703
Other assets:						
Investments of a permanent nature.....	—	—	—	—	46	21
Other, such as goodwill.....	—	118	49	1,092	175	644
Total other assets.....	—	118	49	1,092	221	665
Total assets.....	18,551	19,902	19,385	11,528	9,579	11,068
Liabilities						
Current liabilities — accounts and notes payable.....	890	2,168	1,560	1,144	2,845	2,296
Fixed liabilities — mortgages on fixed assets:						
Used in the business.....	830	2,785	1,626	—	54	24
Not used in the business.....	559	—	263	873	143	487
Other liabilities.....	—	143	59	—	305	310
Total liabilities.....	2,279	5,096	3,508	2,017	3,347	3,117
Net worth — proprietor's or partners' equity in the business.....	16,272	14,806	15,877	9,511	6,232	7,951
Total liabilities and net worth.....	18,551	19,902	19,385	11,528	9,579	11,068
Number of stores reporting.....	16	14	34	30	28	62
Average net sales of stores reporting.....	32,898	73,918	62,308	34,358	66,682	55,346

1. See definitions on page 5 for more detail.

CONFECTIONERY STORES

Stores in this classification are those in which candy and confectionery, soft drinks, tobacco, ice cream, fruits, newspapers and magazines are sold. Light lunches often form a part of the business but must not exceed 50 per cent of total sales.

A total of 278 reports were used in the tabulation of profit and loss results for 1950. This tabulation was made on a sales-size and occupancy

The average gross profit of confectionery stores in 1950 was lower in percentage to sales at 18.21% than the 19.09% obtained in 1948.

Slightly higher operating expenses in 1950 left a net profit of 7.52% somewhat lower than the 1948 average net profit of 8.50% of net sales.

Gross and net profit ratios decreased consistently as sales volume increased in 1950, gross profits ranging between 22.68% and 14.06% of net sales over the different size groups and net profits from 9.43% to 3.63% of net sales.

basis. Balance sheet data were tabulated for stores with sales of \$20,000 and over for which satisfactory reports were received from 210 stores. There were no reports received from stores in the \$100,000-and-over size class in this trade.

Summary points in the 1950 operations and the financial structure at the end of the year of confectionery stores are listed below:

The rate of stock turnover ranged between 7.12 times a year in the smallest sales-size class and 15.28 times in the largest.

Both the owner and lessee merchant had favorable ratios of current assets to current liabilities—2.44 to 1 and 2.91 to 1 respectively.

The owner-merchant realized \$4.83 sales in the year for every \$1.00 invested in fixed assets used in the business. The proprietor who operated from rented premises, having no real estate investment, realized \$23.58 sales for every \$1.00 of fixed store assets.

**Operating Results of Independent Confectionery Stores
1948 and 1950 Compared**

Item	1948	1950
Number of stores reporting.....	211	278
Average net sales.....	\$ 21, 641	\$ 25, 705
Profit and Loss Data (Percentage of net sales)		
Gross Profit	19. 09	18. 21
Operating expenses:		
Employees' salaries	3. 89	3. 91
Occupancy	4. 89	4. 98
Delivery .....	. 08	. 18
Store supplies .....	. 55	. 48
All other expenses	1. 18	1. 14
Total operating expenses.....	10. 59	10. 69
Net profit before deduction of proprietors' salaries and income tax	8. 50	7. 52

**Balance Sheet Ratios of
Independent Confectionery Stores
as at December 31, 1951**

Ratio	Owned	Rented
Current assets to current liabilities.....	2. 44	2. 91
Current assets to fixed assets	. 58	2. 49
Net quick assets to net worth	. 31	. 59
Sales to fixed assets used in the business	4. 83	23. 58
Liabilities to net worth.....	. 50	. 37

CONFECTIONERY STORES

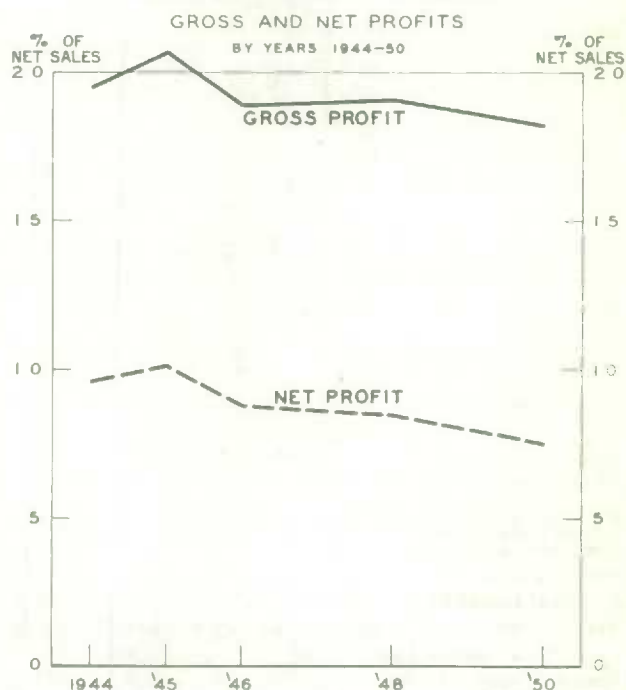


TABLE 11. Confectionery Stores - Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores reporting	16	39	55	7	13	53	82	13
Average net sales per store	\$ 6,518	15,193	31,741	63,195	6,564	15,358	31,382	60,648
Average cost of goods sold	\$ 5,169	12,436	26,235	54,312	5,075	12,123	25,441	50,731
Average beginning inventory	\$ 647	1,291	1,852	3,235	708	977	2,234	4,842
Average inventory, end of year	659	1,428	2,174	3,873	718	1,066	2,441	4,808
Stock turnover (times per year)	7.92	9.15	13.03	15.28	7.12	11.87	10.88	10.51
Profit and Loss Data (Per cent of net sales)								
Gross profit	20.70	18.14	17.35	14.06	22.88	21.07	18.93	16.35
Operating expenses:								
Employees' salaries and wages (except delivery)	1.47	2.57	3.78	4.47	3.20	3.19	4.31	4.78
Taxes	1.63	.98	.57	.53	.41	.47	.29	.17
Insurance .....	.92	.60	.31	.40	.36	.31	.28	.22
Rent	—	—	—	—	4.63	3.64	2.43	1.78
Heat, light and power	2.63	1.86	1.01	1.05	1.83	1.62	1.01	.80
Delivery .....	.06	.20	.24	.15	.03	.06	.24	.13
Repairs and maintenance	1.11	1.05	.66	.51	1.31	.65	.59	.32
Depreciation allowances	1.34	1.09	1.03	1.53	.12	.70	.64	.74
Store supplies .....	.55	.44	.42	.67	.73	.41	.49	.52
Advertising .....	.26	.11	.18	.17	.07	.05	.16	.23
Bad debts—written off .....	.08	.08	.06	—	.12	.04	.03	.05
(Less) amount recovered	—	.03	—	—	—	—	—	—
Net bad debt loss .....	.08	.05	.06	—	.12	.04	.03	.05
All other expenses	1.22	.99	.96	.95	1.63	.68	.97	.83
Total operating expenses	11.27	9.94	9.22	10.43	14.44	11.82	11.44	10.57
Net trading profit before proprietors' salaries and income tax deduction	9.43	8.20	8.13	3.63	8.24	9.25	7.48	5.78

TABLE 12. Confectionery Stores - Financial Structure by Size and Occupancy as at December 31, 1950

Item ¹ (Average per store)	Owned			Rented		
	With Net Sales of		Total	With Net Sales of		Total
	\$20,000- \$49,999	\$50,000- \$99,999		\$20,000- \$49,999	\$50,000- \$99,999	
Assets						
Current Assets						
Cash on hand and in bank	1,245	2,491	1,443	1,537	1,395	1,511
Accounts and notes receivable (net)	214	595	275	143	500	207
Merchandise inventory	2,070	3,737	2,335	2,299	5,274	2,836
Other current assets:						
Government bonds and securities	790	486	742	704	573	681
Prepaid expenses	193		162	13	24	15
Total Current Assets	4,512	7,309	4,957	4,696	7,766	5,250
Fixed Assets (net) :						
Used in the business	6,343	13,372	7,462	1,332	2,541	1,550
Not used in the business	1,170	214	1,018	666	91	562
Total Net Fixed Assets	7,513	13,586	8,480	1,998	2,632	2,112
Other Assets:						
Investments of a permanent nature	666	—	560	201	—	165
Other such as goodwill	94	108	96	385	718	445
Total Other Assets	760	108	656	586	718	610
Total Assets	12,785	21,003	14,093	7,280	11,116	7,972
Liabilities						
Current Liabilities—accounts and notes payable	1,599	4,314	2,031	1,394	3,677	1,805
Fixed Liabilities—mortgages on fixed assets:						
Used in the business	875	3,905	1,357	37	—	31
Not used in the business	354	—	298	190	—	156
Other liabilities	1,181	22	997	115	275	143
Total Liabilities	4,009	8,241	4,683	1,736	3,952	2,135
Net Worth—Proprietor's or partners equity in the business	8,776	12,762	9,410	5,544	7,164	5,837
Total Liabilities and Net Worth	12,785	21,003	14,093	7,280	11,116	7,972
Number of stores reporting	37	7	44	50	11	61
Average net sales of stores reporting	30,889	63,503	36,076	31,046	61,534	36,544

1. See definitions on page 5 for more detail.

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