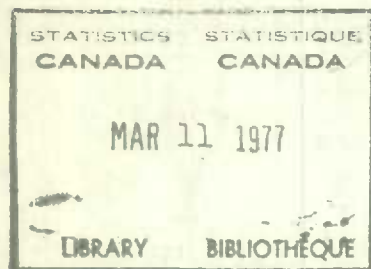


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# OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES

1958

(Independent)

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Other occasional reports and 1951 Census reports on retail trade are shown in a complete list of publications of the Dominion Bureau of Statistics which is available on request from the Information Services Division, D.B.S., or from the Queen's Printer, Ottawa.

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# OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES

1958

(Independent)

## INTRODUCTION

This report is a continuation of the policy to publish operating results and financial structure of selected trades primarily as a guide for retailers. It covers unincorporated independent retailers — chain stores are surveyed in the alternate year. The averages and ratios that are shown can be used as a standard against which businessmen can compare their own operating experience. The pattern of these ratios are compiled by sales-size ranges and in the case of balance sheet averages, by age of business whenever possible. Such a stratification permits more direct analysis of the operating results by users. It should be borne in mind, however, that these ratios and averages do not represent top performance guides. They are the "average" of a broad range of operational efficiencies.

While this report is similar to the previous operating results reports issued for these trades, some slight modifications in the presentation have been made. The historical series on profit and loss ratios show results from 1952 on a biennial basis rather than just for two years; detailed expense ratios are also shown for "total, all sizes" where formerly they were shown for only the separate sales-size categories. These "total-trade" ratios are the result of applying a weighting pattern to the individual size group results. The weights derived from the 1951 Census for each size group were applied to the results of each respective group to arrive at total trade ratios in which the results of each size and occupancy component are properly represented. The averages shown for balance sheet items have not been weighted and therefore represent the averages obtained by adding together the reporting panel of firms in each cell.

Profit and loss as well as balance sheet definitions are shown on the last pages of this report.



## INDEPENDENT GROCERY STORES

Stores classified as grocery stores for the purpose of this report are those selling a general line of groceries and with not more than 15% of total sales as fresh meats. If fresh meats accounted for a greater share of total sales, the store was classified as a combination (groceries and meat) store. Only unincorporated single establishment operations are included in this bulletin.

Tabulation of profit and loss data from the returns of 728 firms was made in several sales-size categories, to provide a finer analysis of the re-

sults. Returns of 472 independent grocers were used in the preparation of balance sheet averages.

The gross profit, in relation to net sales, increased to 15.07% in 1958 from 14.76% in 1956. This improvement, however, was more than offset by higher ratios of operating expenses with the result that net operating profit, before proprietors' withdrawals or income tax deduction, was below the 1958 mark. The increased cost of occupancy and of "all other" expenses contributed largely to this change. An excess of non-trading income over non-trading expense increased the operating profit of 5.89% to a final net profit of 6.54%.

TABLE 1. Operating Results of Independent Grocery Stores, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
<b>Gross Profit</b> .....	<b>13.88</b>	<b>14.38</b>	<b>14.76</b>	<b>15.07</b>
Operating expenses:				
Employees' salaries .....	2.70	2.89	2.55	2.52
Occupancy .....	2.76	3.30	3.56	3.98
Delivery .....	1.01	0.88	0.82	0.83
Office and store supplies .....	0.51	0.52	0.49	0.43
All other expenses .....	1.03	1.14	1.25	1.42
<b>Total operating expenses</b> .....	<b>8.01</b>	<b>8.73</b>	<b>8.67</b>	<b>9.18</b>
<b>Net operating profit</b> before deduction of proprietors' salaries and income tax and addition of net non-trading income .....	<b>5.87</b>	<b>5.65</b>	<b>6.09</b>	<b>5.89</b>

**Note:** These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 2. Independent Grocery Stores - Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio—Owned .....	3.90	3.30	3.95	4.76
Rented .....	2.97	3.01	4.28	3.05
Liquidity ratio—Owned .....	1.98	1.64	1.84	2.34
Rented .....	1.36	1.37	1.90	1.32
Working capital to net worth ratio—Owned .....	0.51	0.44	0.54	0.46
Rented .....	0.64	0.64	0.63	0.61
Worth debt ratio—Owned .....	3.36	2.91	2.53	3.60
Rented .....	2.19	2.48	2.35	2.07
Turnover of total capital employed—Owned .....	3.56	3.24	2.59	3.11
Rented .....	5.41	5.59	5.44	4.65

**Note:** See page 21 for definitions.

TABLE 3. Independent Grocery Stores — Operating Result by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				Total all sizes <sup>1</sup>
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Number of stores reporting .....	25	84	182	112	32	29	114	102	44	728
Average net sales per store .....	\$ 6,858	15,881	34,443	70,003	145,589	16,379	34,175	71,423	161,477	58,541
Average beginning inventory .....	\$ 1,191	1,719	3,308	5,544	9,013	1,487	2,717	4,954	9,352	4,351
Average inventory, end of year .....	\$ 1,163	1,790	3,339	5,696	9,805	1,540	2,702	5,268	10,069	4,539
Average cost of goods sold .....	\$ 5,637	13,593	29,477	59,632	123,697	13,796	28,876	60,486	136,474	49,727
Stock turnover (times per year) .....	4.79	7.75	8.87	10.61	13.15	9.12	10.66	11.83	14.05	11.19
<b>Profit and loss data</b> (Per cent of net sales)										
<b>Gross profit</b> .....	<b>17.80</b>	<b>14.40</b>	<b>14.42</b>	<b>14.81</b>	<b>15.04</b>	<b>15.77</b>	<b>15.50</b>	<b>15.31</b>	<b>15.48</b>	<b>15.07</b>
Operating expenses:										
Employees' salaries and wages (except delivery) .....	0.54	0.86	1.86	3.20	5.08	1.27	1.72	3.46	4.75	2.52
Delivery .....	0.89	0.75	0.84	0.84	0.96	0.51	0.80	0.81	0.96	0.83
Occupancy expenses:										
Taxes .....	2.16	1.03	0.72	0.49	0.34	0.49	0.32	0.21	0.18	0.60
Insurance .....	0.77	0.50	0.32	0.33	0.27	0.20	0.22	0.24	0.24	0.33
Rent .....	—	—	—	—	—	3.17	2.47	1.78	1.48	0.86
Light, heat and power .....	2.62	1.45	0.93	0.72	0.49	1.15	0.81	0.60	0.39	0.94
Repairs and maintenance .....	1.07	0.52	0.50	0.44	0.28	0.25	0.35	0.25	0.26	0.43
Depreciation allowances .....	0.64	0.99	0.98	1.02	0.96	0.26	0.62	0.64	0.51	0.82
<b>Total occupancy expenses</b> .....	<b>7.26</b>	<b>4.49</b>	<b>3.45</b>	<b>3.00</b>	<b>2.34</b>	<b>5.52</b>	<b>4.79</b>	<b>3.72</b>	<b>3.06</b>	<b>3.98</b>
Office and store supplies .....	0.71	0.41	0.39	0.41	0.48	0.43	0.41	0.44	0.47	0.43
Advertising .....	0.03	0.11	0.21	0.30	0.64	0.15	0.17	0.26	0.45	0.25
Net loss on bad debts .....	0.51	0.11	0.09	0.12	0.12	0.06	0.08	0.03	0.07	0.11
All other expenses .....	1.24	1.34	1.06	0.95	1.40	1.00	0.91	0.92	0.74	1.06
<b>Total operating expenses</b> .....	<b>11.18</b>	<b>8.07</b>	<b>7.90</b>	<b>8.82</b>	<b>11.02</b>	<b>8.94</b>	<b>8.88</b>	<b>9.64</b>	<b>10.50</b>	<b>9.18</b>
<b>Net operating profit</b> .....	<b>6.62</b>	<b>6.33</b>	<b>6.52</b>	<b>5.99</b>	<b>4.02</b>	<b>6.83</b>	<b>6.62</b>	<b>5.67</b>	<b>4.98</b>	<b>5.89</b>
Non-trading income .....	2.99	1.78	0.87	0.65	0.38	0.89	0.55	0.71	0.13	0.85
Non-trading expense .....	0.15	0.33	0.10	0.22	0.06	0.58	0.25	0.42	0.03	0.20
<b>Net profit before deduction of proprietors' salaries and income tax</b> .....	<b>9.46</b>	<b>7.78</b>	<b>7.29</b>	<b>6.42</b>	<b>4.32</b>	<b>7.14</b>	<b>6.92</b>	<b>5.96</b>	<b>5.08</b>	<b>6.54</b>

<sup>1</sup> Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 4. Independent Grocery Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
average per store (dollars)								
<b>Assets</b>								
Current assets:								
Cash on hand and in bank .....	1,020	2,643	2,263	2,664	2,610	2,627	4,648	2,841
Accounts and notes receivable (net) .....	422	825	730	2,302	1,710	1,893	4,529	1,546
Merchandise inventory .....	3,188	3,465	3,400	6,482	5,623	5,890	10,083	4,997
Other current assets .....	428	468	459	729	999	915	829	664
<b>Total current assets</b> .....	<b>5,058</b>	<b>7,401</b>	<b>6,852</b>	<b>12,177</b>	<b>10,942</b>	<b>11,325</b>	<b>20,089</b>	<b>9,848</b>
Fixed assets (net):								
Used in the business .....	7,683	5,760	6,211	12,594	8,562	9,812	19,499	8,893
Not used in the business .....	1,834	2,021	1,977	1,457	1,644	1,586	441	1,676
<b>Total fixed assets (net)</b> .....	<b>9,517</b>	<b>7,781</b>	<b>8,188</b>	<b>14,051</b>	<b>10,206</b>	<b>11,398</b>	<b>19,940</b>	<b>10,569</b>
Other assets:								
Long term investments .....	296	1,024	853	64	238	164	4,359	968
Other assets .....	269	182	203	75	269	209	670	253
<b>Total other assets</b> .....	<b>565</b>	<b>1,206</b>	<b>1,056</b>	<b>139</b>	<b>507</b>	<b>393</b>	<b>5,029</b>	<b>1,221</b>
<b>Total assets</b> .....	<b>15,140</b>	<b>16,388</b>	<b>16,096</b>	<b>26,367</b>	<b>21,655</b>	<b>23,116</b>	<b>45,058</b>	<b>21,638</b>
<b>Liabilities</b>								
Current liabilities:								
Accounts and notes payable .....	807	1,066	1,005	2,439	1,943	2,097	7,498	2,071
Fixed liabilities:								
Mortgages on fixed assets used in the business .....	1,948	626	936	3,597	1,280	1,998	4,521	1,693
Mortgages on fixed assets not used in the business .....	156	203	192	104	148	134	179	169
<b>Total fixed liabilities</b> .....	<b>2,104</b>	<b>829</b>	<b>1,128</b>	<b>3,701</b>	<b>1,426</b>	<b>2,132</b>	<b>4,700</b>	<b>1,862</b>
Other liabilities .....	487	474	478	1,186	530	734	2,447	774
<b>Total liabilities</b> .....	<b>3,396</b>	<b>2,369</b>	<b>2,611</b>	<b>7,326</b>	<b>3,901</b>	<b>4,963</b>	<b>14,645</b>	<b>4,707</b>
Net worth: Proprietor's or partners' equity in the business .....	11,742	14,019	13,485	19,041	17,754	18,153	30,413	16,931
<b>Total liabilities and net worth</b> .....	<b>15,140</b>	<b>16,388</b>	<b>16,096</b>	<b>26,367</b>	<b>21,655</b>	<b>23,116</b>	<b>45,058</b>	<b>21,638</b>
Average net sales of stores reporting .....	35,276	34,314	34,540	74,586	67,165	69,465	146,629	59,035
Number of stores reporting .....	34	111	145	31	69	100	28	273



**TABLE 5. Independent Grocery Stores — Rented — Financial Structure by Size and Age of Business  
as at December 31, 1958**

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
average per store (dollars)										
Assets										
Current assets:										
Cash on hand and in bank .....	1,242	1,320	1,277	1,663	1,318	1,750	2,962	4,416	3,797	1,974
Accounts and notes receivable (net) .....	239	849	518	590	1,793	1,267	3,352	4,082	3,772	1,473
Merchandise inventory .....	2,535	2,598	2,564	4,718	5,760	5,304	10,742	10,182	10,420	5,245
Other current assets .....	97	791	413	215	634	450	375	1,609	1,085	563
Total current assets .....	4,113	5,558	4,772	7,186	10,005	8,771	17,431	20,289	19,074	9,255
Fixed assets (net):										
Used in the business .....	2,388	1,496	1,981	2,841	2,470	2,632	6,093	6,190	6,149	3,081
Not used in the business .....	2,722	1,642	2,230	2,332	1,973	2,131	1,467	3,273	2,508	2,245
Total fixed assets (net) .....	5,110	3,138	4,211	5,173	4,443	4,763	7,560	9,463	8,655	5,326
Other assets:										
Long term investments .....	84	51	69	—	414	233	83	1,000	610	244
Other assets .....	429	171	311	833	221	489	415	322	361	392
Total other assets .....	513	222	380	833	635	722	498	1,322	971	636
Total assets .....	9,736	8,918	9,363	13,192	15,083	14,256	25,489	31,074	28,700	15,217
Liabilities										
Current liabilities:										
Accounts and notes payable .....	994	995	994	2,739	3,025	2,900	7,444	7,259	7,338	3,035
Fixed liabilities:										
Mortgages on fixed assets used in the business .....	103	—	56	412	491	456	2,003	558	1,172	442
Mortgages on fixed assets not used in the business .....	1,399	772	1,114	89	330	225	465	304	373	607
Total fixed liabilities .....	1,502	772	1,170	501	821	681	2,468	862	1,545	1,049
Other liabilities .....	522	280	411	1,551	814	1,136	1,481	1,039	1,226	867
Total liabilities .....	3,018	2,047	2,575	4,791	4,660	4,717	11,393	9,160	10,109	4,951
Net worth: Proprietor's or partners' equity in the business .....	6,718	6,871	6,788	8,401	10,423	9,539	14,096	21,914	18,591	10,266
Total liabilities and net worth .....	9,736	8,918	9,363	13,192	15,083	14,256	25,489	31,074	28,700	15,217
Average net sales of stores reporting .....	34,873	33,865	34,414	72,230	70,227	71,103	160,249	28,297	84,376	59,206
Number of stores reporting .....	43	36	79	35	45	80	17	23	40	199



## INDEPENDENT COMBINATION STORES

Stores included in this category are those selling mainly a combination of groceries and fresh meats with neither constituting less than 15% of net sales. Only unincorporated businesses were surveyed.

After careful editing, returns from 880 firms were used in the tabulation of profit and loss averages and ratios while only 740 firms submitted balance sheet statements which could be used. In

1958 the gross profit obtained by independent combination stores stood at 15.07 per cent of total net sales, lower than the ratios of 1956 or 1954. Operating expense ratios were of almost identical proportions for these three years; the result was a net operating profit of 4.41 per cent of sales in 1958 compared to one of 4.75 per cent in 1956. An increase of non-trading income over non-trading expense raised this operating profit to a final net profit of 4.82 per cent before deduction of proprietor's salaries or income tax.

TABLE 6. Operating Results of Independent Combination Stores, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
Gross profit .....	14.50	15.09	15.40	15.07
Operating expenses:				
Employees' salaries .....	4.46	4.75	4.38	4.24
Occupancy .....	2.56	2.93	3.10	3.15
Delivery .....	1.30	1.11	1.09	1.07
Office and store supplies .....	0.63	0.61	0.62	0.57
All other expenses .....	1.19	1.29	1.46	1.63
Total operating expenses .....	10.14	10.69	10.65	10.66
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income .....	4.36	4.40	4.75	4.41

Note: These ratios are "weighted" according to the 1951 Census weight of the different sales sizes for independent stores.

TABLE 7. Independent Combination Stores — Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio—Owned .....	2.68	2.40	3.03	2.74
Rented .....	2.37	2.41	2.94	2.44
Liquidity ratio—Owned .....	1.43	1.20	1.50	1.39
Rented .....	1.22	1.24	1.50	1.21
Working capital to net worth ratio—Owned .....	0.44	0.41	0.41	0.40
Rented .....	0.53	0.55	0.55	0.52
Worth debt ratio—Owned .....	2.31	1.90	2.13	1.96
Rented .....	1.67	1.81	1.85	1.62
Turnover of total capital employed—Owned .....	4.00	3.89	3.75	4.14
Rented .....	6.23	6.20	5.79	6.55

Note: See page 21 for definitions.

TABLE 8. Independent Combination Stores — Operating Results by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of				Rented stores with annual net sales of				Total all sizes <sup>1</sup>
	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Number of stores reporting .....	37	143	175	191	13	60	111	145	880
Average net sales per store .....	\$ 15,469	\$ 35,458	\$ 72,916	\$ 200,794	\$ 14,537	\$ 36,747	\$ 73,076	\$ 193,085	\$ 115,608
Average beginning inventory .....	\$ 1,425	\$ 2,767	\$ 5,115	\$ 10,475	\$ 1,669	\$ 2,318	\$ 4,035	\$ 8,839	\$ 6,299
Average inventory, end of year .....	\$ 1,452	\$ 2,790	\$ 5,280	\$ 10,879	\$ 1,595	\$ 2,550	\$ 4,164	\$ 9,055	\$ 6,506
Average cost of goods sold .....	\$ 12,974	\$ 30,264	\$ 62,123	\$ 171,147	\$ 11,719	\$ 31,022	\$ 61,685	\$ 163,496	\$ 98,246
Stock turnover (times per year) .....	9.02	10.89	11.95	16.03	7.18	12.75	15.05	18.27	15.34
<b>Profit and loss data</b> (Per cent of net sales)									
Gross profit .....	16.13	14.65	14.80	14.76	19.38	15.58	15.59	15.32	15.07
Operating expenses:									
Employees' salaries and wages (except delivery) .....	1.07	2.17	4.00	5.46	2.84	2.16	4.64	5.57	4.24
Delivery .....	1.13	1.12	1.10	0.92	1.65	1.17	1.13	1.05	1.07
Occupancy expenses:									
Taxes .....	1.04	0.69	0.44	0.31	0.92	0.33	0.24	0.16	0.39
Insurance .....	0.49	0.39	0.35	0.26	0.46	0.24	0.26	0.25	0.30
Rent .....	—	—	—	—	4.74	2.54	1.56	0.92	0.57
Heat, light and power .....	1.48	0.94	0.70	0.47	1.64	0.73	0.53	0.37	0.63
Repairs and maintenance .....	0.51	0.52	0.43	0.35	0.71	0.36	0.31	0.32	0.39
Depreciation allowances .....	0.70	1.03	1.07	0.97	0.92	0.46	0.67	0.70	0.87
Total occupancy expenses .....	4.22	3.57	2.99	2.36	9.39	4.66	3.57	2.72	3.15
Office and store supplies .....	0.49	0.56	0.52	0.59	0.78	0.59	0.58	0.57	0.57
Advertising .....	0.11	0.20	0.39	0.71	0.16	0.21	0.35	0.64	0.46
Net loss on bad debts .....	0.13	0.14	0.14	0.09	0.45	0.37	0.08	0.06	0.12
All other expenses .....	1.24	1.20	1.07	1.01	2.12	1.18	0.96	0.94	1.05
Total operating expenses .....	8.39	8.96	10.21	11.14	17.39	10.34	11.31	11.55	10.66
Net operating profit .....	7.74	5.69	4.59	3.62	1.99	5.24	4.28	3.77	4.41
Non-trading income .....	1.40	0.93	0.73	0.43	1.21	0.58	0.22	0.22	0.55
Non-trading expense .....	0.35	0.27	0.14	0.12	—	0.25	0.06	0.07	0.14
Net profit before deduction of proprietors' salaries and income tax .....	8.79	6.35	5.18	3.93	3.20	5.57	4.44	3.92	4.82

<sup>1</sup> Averages and ratios "weighted" according to the 1951 Census weight of the different sales sizes for independent stores.

TABLE 9. Independent Combination Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
average per store (dollars)										
Assets										
Current assets:										
Cash on hand and in bank .....	1,876	1,455	1,555	2,017	2,619	2,477	3,655	4,664	4,498	3,060
Accounts and notes receivable (net) .....	762	1,080	1,005	1,792	2,469	2,309	3,628	5,552	5,236	3,162
Merchandise inventory .....	2,862	2,818	2,828	4,908	5,523	5,378	9,568	11,192	10,925	6,974
Other current assets .....	430	454	448	398	937	809	517	1,649	1,464	982
Total current assets .....	5,930	5,807	5,836	9,115	11,548	10,973	17,368	23,057	22,123	14,178
Fixed assets (net):										
Used in the business .....	7,165	6,898	6,961	10,983	10,616	10,702	21,500	18,842	19,278	13,220
Not used in the business .....	3,342	3,941	3,799	3,717	2,781	3,002	3,895	6,933	6,435	4,585
Total fixed assets (net) .....	10,507	10,839	10,760	14,700	13,397	13,704	25,395	25,775	25,713	17,805
Other assets:										
Long term investments .....	1,204	368	566	529	939	842	510	2,097	1,837	1,174
Other assets .....	149	151	150	1,587	102	453	309	1,007	893	554
Total other assets .....	1,353	519	716	2,116	1,041	1,295	819	3,104	2,730	1,728
Total assets .....	17,790	17,165	17,312	25,931	25,986	25,972	43,582	51,936	50,566	33,711
Liabilities										
Current liabilities:										
Accounts and notes payable .....	960	1,457	1,339	2,970	3,153	3,110	11,047	8,997	9,333	5,174
Fixed liabilities:										
Mortgages on fixed assets used in the business .....	1,692	940	1,118	3,533	1,988	2,352	5,912	4,781	4,966	3,096
Mortgages on fixed assets not used in the business .....	428	514	493	2,853	354	943	1,691	2,235	2,146	1,315
Total fixed liabilities .....	2,120	1,454	1,611	6,386	2,342	3,295	7,603	7,016	7,112	4,411
Other liabilities .....	46	823	639	1,326	978	1,060	4,089	3,016	3,192	1,813
Total liabilities .....	3,126	3,734	3,589	10,682	6,474	7,465	22,739	19,029	19,637	11,398
Net worth: Proprietor's or partners' equity in the business .....	14,664	13,431	13,723	15,249	19,512	18,507	20,843	32,907	30,929	22,313
Total liabilities and net worth .....	17,790	17,165	17,312	25,931	25,986	25,972	43,582	51,936	50,566	33,711
Average net sales of stores reporting .....	36,043	35,667	35,771	68,143	74,856	73,274	193,268	203,832	202,101	115,785
Number of stores reporting .....	27	87	114	37	120	157	30	153	183	454



**TABLE 10. Independent Combination Stores — Rented — Financial Structure by Size and Age of Business  
as at December 31, 1958**

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)									
<b>Assets</b>										
Current assets:										
Cash on hand and in bank .....	803	1, 671	1, 289	1, 476	2, 087	1, 807	3, 208	4, 082	3, 732	2, 659
Accounts and notes receivable (net) .....	466	1, 019	775	1, 543	2, 865	2, 259	3, 474	5, 215	4, 519	3, 106
Merchandise inventory .....	2, 595	2, 649	2, 625	4, 169	4, 153	4, 160	8, 098	9, 687	9, 051	6, 286
Other current assets .....	188	894	583	169	146	157	388	663	554	426
Total current assets .....	4, 052	6, 233	5, 272	7, 357	9, 251	8, 383	15, 168	19, 647	17, 856	12, 477
Fixed assets (net) :										
Used in the business .....	2, 412	1, 982	2, 171	5, 155	3, 956	4, 505	7, 727	8, 077	7, 937	5, 777
Not used in the business .....	1, 313	2, 576	2, 021	1, 372	2, 243	1, 844	2, 579	5, 585	4, 363	3, 117
Total fixed assets (net) .....	3, 725	4, 558	4, 192	6, 527	6, 199	6, 349	10, 306	13, 662	12, 320	8, 894
Other assets:										
Long term investments .....	—	820	460	11	217	124	661	1, 727	1, 360	798
Other assets .....	136	62	95	936	398	644	1, 654	1, 083	1, 311	874
Total other assets .....	136	882	555	947	615	768	2, 515	2, 810	2, 691	1, 672
Total assets .....	7, 913	11, 673	10, 019	14, 831	16, 065	15, 500	27, 989	38, 119	32, 867	23, 043
<b>Liabilities</b>										
Current liabilities:										
Accounts and notes payable .....	1, 702	1, 484	1, 580	3, 668	3, 030	3, 322	6, 284	8, 500	7, 614	5, 118
Fixed liabilities:										
Mortgages on fixed assets used in the business .....	489	163	306	1, 551	766	1, 125	2, 468	1, 265	1, 746	1, 286
Mortgages on fixed assets not used in the business .....	91	316	217	936	579	743	1, 312	1, 575	1, 470	1, 007
Total fixed liabilities .....	560	479	523	2, 487	1, 345	1, 868	3, 780	2, 840	3, 216	2, 293
Other liabilities .....	795	255	493	1, 677	1, 275	1, 460	1, 453	1, 821	1, 673	1, 395
Total liabilities .....	3, 077	2, 218	2, 596	7, 832	5, 650	6, 650	11, 517	13, 161	12, 503	8, 806
Net worth: Proprietor's or partners' equity in the business .....	4, 836	9, 455	7, 423	6, 999	10, 415	8, 850	16, 472	22, 958	20, 364	14, 237
Total liabilities net worth .....	7, 913	11, 673	10, 019	14, 831	16, 065	15, 500	27, 989	36, 119	32, 867	23, 043
Average net sales of stores reporting .....	36, 407	38, 211	37, 417	73, 285	73, 922	73, 630	194, 907	190, 167	192, 063	125, 273
Number of stores reporting .....	22	28	50	44	52	98	56	84	140	286



## INDEPENDENT MEAT MARKETS

To remain in this category, fresh meat must constitute the bulk of the sales, although cured meat, poultry and dairy products can also be sold. Dry groceries cannot exceed 15% of total sales.

Independent unincorporated meat markets contributing to this 1958 survey numbered 232. Balance sheet statements which could be used were received from only 201 firms.

Meat markets operated on reduced gross profit margins in 1958 compared to 1956—19.07 per cent and 19.61 per cent of net sales respectively. The highest ratio of total operating expense for the last 6 years reduced net operating profit to the lowest ratio during this period—6.12 per cent of net sales. The net gain of non-trading income over non-trading expense raised this to a final net profit of 6.64 per cent of net sales.

TABLE 11. Operating Results of Independent Meat Markets, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
Gross profit .....	17.78	18.90	19.61	19.07
Operating expenses:				
Employees' salaries .....	4.90	5.53	5.47	5.48
Occupancy .....	2.89	3.37	3.48	3.54
Delivery .....	1.51	1.35	1.30	1.24
Office and store supplies .....	0.79	0.94	1.00	0.98
All other expenses .....	1.28	1.34	1.48	1.71
Total operating expenses .....	11.37	12.53	12.73	12.95
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income .....	6.41	6.37	6.88	6.12

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 12. Independent Meat Markets - Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio—Owned .....	2.76	2.43	3.07	2.38
Rented .....	2.47	2.33	2.46	2.09
Liquidity ratio—Owned .....	2.21	1.88	2.43	1.84
Rented .....	2.00	1.88	2.02	1.63
Working capital to net worth ratio — Owned .....	0.33	0.32	0.37	0.29
Rented .....	0.56	0.43	0.49	0.43
Worth debt ratio—Owned .....	3.12	2.06	2.72	2.49
Rented .....	2.15	2.11	2.29	1.71
Turnover of total capital employed—Owned .....	3.92	3.99	3.63	4.17
Rented .....	7.53	6.58	6.71	7.70

Note: See page 21 for definitions.

TABLE 13. Independent Meat Markets — Operating Results by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of			Rented stores with annual net sales of			Total <sup>1</sup> all sizes
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Number of stores reporting .....	29	26	27	41	59	31	232
Average net sales per store .....	\$ 34,137	74,165	161,532	37,742	71,752	195,725	102,500
Average beginning inventory .....	\$ 857	1,294	3,436	671	1,207	2,527	1,715
Average inventory, end of year .....	\$ 857	1,505	4,038	682	1,362	2,664	1,900
Average cost of goods sold .....	\$ 27,262	59,523	130,869	30,981	57,701	161,164	83,447
Stock turnover (times per year) .....	31.81	42.53	35.02	45.76	44.92	62.09	46.17
<b>Profit and loss data</b> (Per cent of net sales)							
Gross profit .....	20.14	19.74	18.98	17.96	19.58	17.66	19.07
Operating expenses:							
Employees' salaries and wages (except delivery) .....	4.01	5.87	7.42	2.16	5.75	7.02	5.48
Delivery .....	1.44	0.90	1.14	1.28	1.28	1.21	1.24
Occupancy expenses:							
Tax .....	0.90	0.46	0.27	0.18	0.23	0.10	0.37
Insurance .....	0.36	0.32	0.36	0.20	0.22	0.18	0.27
Rent .....	—	—	—	2.25	1.54	0.99	0.82
Heat, light and power .....	1.27	0.75	0.46	0.75	0.61	0.31	0.69
Repairs and maintenance .....	0.56	0.52	0.59	0.36	0.41	0.33	0.47
Depreciation allowances .....	1.27	1.23	0.98	0.75	0.77	0.70	0.92
Total occupancy expenses .....	4.36	3.28	2.66	4.49	3.78	2.61	3.54
Office and store supplies .....	0.93	1.01	1.07	0.88	0.84	1.12	0.98
Advertising .....	0.19	0.19	0.43	0.14	0.27	0.16	0.22
Net loss on bad debts .....	0.18	0.04	0.12	0.01	0.07	0.15	0.10
All other expenses .....	1.98	1.34	1.69	1.44	1.30	0.95	1.39
Total operating expenses .....	13.09	12.63	14.53	10.40	13.29	13.22	12.85
Net operating profit .....	7.05	7.11	4.45	7.56	6.29	4.44	6.12
Non-trading income .....	2.39	1.28	0.87	0.04	0.04	0.15	0.70
Non-trading expense .....	0.49	0.47	0.15	—	0.03	0.10	0.18
Net profit before deduction of proprietors' salaries and income tax .....	8.95	7.92	5.17	7.60	6.30	4.49	6.64

<sup>1</sup> Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 14. Independent Meat Markets — Owned — Financial Structure by Size of business as at December 31, 1958

	Item	Stores with annual net sales of			Total all sizes \$20,000 and over
		\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Assets		average per store (dollars)			
Current assets:					
	Cash on hand and in bank .....	1,637	3,398	5,413	3,486
	Accounts and notes receivable (net) .....	901	2,684	4,863	2,821
	Merchandise inventory .....	880	1,419	4,038	2,139
	Other current assets .....	587	585	1,674	963
	<b>Total current assets</b> .....	<b>4,005</b>	<b>8,086</b>	<b>15,988</b>	<b>9,409</b>
Fixed assets (net):					
	Used in the business .....	8,135	11,024	16,616	11,959
	Not used in the business .....	2,466	3,062	3,402	2,974
	<b>Total fixed assets (net)</b> .....	<b>10,601</b>	<b>14,086</b>	<b>20,018</b>	<b>14,933</b>
Other assets:					
	Long term investments .....	1,699	1,459	1,982	1,723
	Other assets .....	45	121	665	283
	<b>Total other assets</b> .....	<b>1,744</b>	<b>1,580</b>	<b>2,647</b>	<b>2,006</b>
	<b>Total assets</b> .....	<b>16,350</b>	<b>23,752</b>	<b>38,653</b>	<b>26,348</b>
Liabilities					
Current liabilities:					
	Accounts and notes payable .....	1,071	1,938	8,647	3,960
Fixed liabilities:					
	Mortgages on fixed assets used in the business .....	1,648	1,870	3,401	2,323
	Mortgages on fixed assets not used in the business .....	—	980	302	406
	<b>Total fixed liabilities</b> .....	<b>1,648</b>	<b>2,850</b>	<b>3,703</b>	<b>2,729</b>
	Other liabilities .....	646	182	1,707	870
	<b>Total liabilities</b> .....	<b>3,365</b>	<b>4,968</b>	<b>14,057</b>	<b>7,559</b>
	Net worth: proprietor's or partners' equity in the business .....	12,985	18,784	24,596	18,789
	<b>Total liabilities and net worth</b> .....	<b>16,350</b>	<b>23,752</b>	<b>38,653</b>	<b>26,348</b>
	Average net sales of stores reporting .....	34,074	73,603	161,532	90,356
	Number of stores reporting .....	27	24	27	78

**TABLE 15. Independent Meat Markets — Rented — Financial Structure by Size and Age of Business  
as at December 31, 1958**

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)									
Assets										
Current assets:										
Cash on hand and in bank .....	1,092	1,446	1,303	2,279	2,604	2,471	1,990	5,321	4,100	2,517
Accounts and notes receivable (net) .....	693	1,190	988	1,252	1,990	1,687	2,681	7,349	5,637	2,440
Merchandise inventory .....	635	783	723	1,028	1,652	1,395	2,542	2,796	2,703	1,512
Other current assets .....	6	250	151	84	95	90	863	1,362	1,179	374
Total current assets .....	2,426	3,669	3,165	4,641	6,341	5,643	8,076	16,828	13,619	6,843
Fixed assets (net):										
Used in the business .....	2,673	2,079	2,320	4,190	3,783	3,950	7,574	10,221	9,250	4,752
Not used in the business .....	1,333	1,187	1,245	1,261	385	745	—	1,414	896	932
Total fixed assets (net) .....	4,006	3,266	3,565	5,451	4,168	4,695	7,574	11,635	10,146	5,684
Other assets:										
Long term investments .....	—	22	14	59	352	232	118	821	563	247
Other assets .....	365	182	256	501	293	378	1,080	394	646	407
Total other assets .....	365	204	270	560	645	610	1,198	1,215	1,209	654
Total assets .....	6,797	7,139	7,000	10,652	11,154	10,948	16,848	29,676	24,974	13,181
Liabilities										
Current liabilities:										
Accounts and notes payable .....	1,067	1,108	1,099	1,805	3,263	2,664	4,529	8,590	7,101	3,276
Fixed liabilities:										
Mortgages on fixed assets used in business .....	429	—	174	226	377	315	2,638	2,123	2,312	759
Mortgages on fixed assets not used in business .....	600	—	243	474	—	195	—	395	250	223
Total fixed liabilities .....	1,029	—	417	700	377	510	2,638	2,518	2,562	982
Other liabilities .....	936	548	706	711	594	642	535	299	385	598
Total liabilities .....	3,052	1,656	2,222	3,216	4,234	3,816	7,702	11,407	10,048	4,856
Net worth: proprietor's or partners' equity in the business .....	3,745	5,483	4,778	7,436	6,920	7,132	9,146	18,271	14,926	8,325
Total liabilities and net worth .....	6,797	7,139	7,000	10,652	11,154	10,948	16,848	29,676	24,974	13,181
Average net sales of stores reporting .....	36,415	39,502	38,260	72,065	72,154	72,116	152,306	223,381	197,320	92,467
Number of stores reporting .....	15	22	37	23	33	56	11	19	30	123



## INDEPENDENT CONFECTIONERY STORES

This classification covers those retail establishments selling mainly candy and confectionery, soft drinks, soda fountain products and ice cream to the extent of at least 50% of total net sales. Other items sold include light lunches, groceries, fresh fruit and vegetables.

There were 181 firms who supplied profit and loss statements on their 1958 operations which could be used in the tabulation of the results shown in this report. Balance sheet data were received

from only 91 business proprietors in this classification.

Although gross profits in relation to sales were higher than in 1956, (19.15 per cent compared to 18.98 per cent) operating expenses were still greater proportionally, so that net operating profit amounted to 7.47 per cent of sales. The 1956 net operating profit was 7.97 per cent. The net of non-trading income and non-trading expense added .64 per cent to make final net profit 8.11 per cent of total net sales.

TABLE 16. Operating Results of Independent Confectionery Stores, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
<b>Gross profit</b> .....	<b>18.93</b>	<b>17.57</b>	<b>18.98</b>	<b>19.15</b>
Operating expenses:				
Employees' salaries .....	3.60	2.79	3.20	3.27
Occupancy .....	5.32	5.60	5.82	6.19
Delivery .....	0.24	0.20	0.16	0.27
Office and Store Supplies .....	0.52	0.43	0.47	0.49
All other expenses .....	1.25	1.21	1.36	1.46
<b>Total operating expenses</b> .....	<b>10.93</b>	<b>10.23</b>	<b>11.01</b>	<b>11.68</b>
<b>Net operating profit</b> before deduction of proprietors' salaries and income tax and addition of net non-trading income .....	<b>8.00</b>	<b>7.34</b>	<b>7.97</b>	<b>7.47</b>

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 17. Independent Confectionery Stores - Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio - Owned .....	2.74	2.54	2.62	3.87
Rented .....	3.43	2.18	3.14	4.10
Liquidity ratio - Owned .....	1.17	1.07	1.41	1.96
Rented .....	1.77	0.93	1.49	2.05
Working capital to net worth ratio - Owned .....	0.28	0.28	0.26	0.29
Rented .....	0.47	0.41	0.48	0.61
Worth debt ratio - Owned .....	2.49	2.92	2.25	2.69
Rented .....	2.64	1.95	2.16	3.03
Turnover to total capital employed - Owned .....	3.04	3.02	2.51	3.00
Rented .....	5.40	6.41	4.73	5.58

Note: See page 21 for definitions.

TABLE 18. Independent Confectionery Stores — Operating Results, by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			Total All sizes <sup>1</sup>
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	
Number of stores reporting .....	11	22	36	14	19	52	17	181
Average net sales per store .....	\$ 8,039	15,442	33,299	66,728	15,204	31,305	68,960	30,207
Average beginning inventory .....	680	1,935	2,867	3,028	1,168	2,119	4,513	2,225
Average inventory, end of year .....	633	1,953	2,668	3,028	1,138	2,163	4,328	2,246
Average cost of goods sold .....	\$ 6,598	12,367	27,354	53,330	11,801	25,716	55,286	24,567
Stock turnover (times per year) .....	10.05	6.36	9.54	17.61	10.23	12.01	12.51	10.99
<b>Profit and loss data</b> (Per cent of net sales)								
Gross profit .....	17.93	19.91	17.85	20.08	22.38	17.85	19.83	19.15
Operating expenses:								
Employees' salaries and wages (except delivery) .....	1.40	3.05	4.94	7.63	2.74	2.13	5.26	3.27
Delivery .....	0.23	0.06	0.21	0.35	0.48	0.40	0.12	0.27
Occupancy expenses:								
Taxes .....	2.21	1.31	0.96	0.80	0.73	0.30	0.20	0.82
Insurance .....	0.56	0.52	0.41	0.56	0.24	0.23	0.24	0.35
Rent .....	—	—	—	—	5.16	2.89	2.30	1.85
Heat, light & power .....	3.31	1.78	1.63	1.08	1.84	0.95	0.73	1.62
Repairs and maintenance .....	0.33	1.08	0.73	0.79	0.54	0.39	0.54	0.61
Depreciation allowances .....	0.68	1.52	1.54	1.16	0.74	0.49	0.90	0.94
Total occupancy expenses .....	7.09	8.21	5.27	4.39	9.25	5.25	4.91	6.19
Office and store supplies .....	0.42	0.49	0.40	0.90	0.65	0.49	0.58	0.49
Advertising .....	0.06	0.07	0.13	0.17	0.05	0.17	0.32	0.13
Net loss on bad debts .....	0.14	0.08	0.02	0.03	0.04	0.04	—	0.04
All other expenses .....	1.17	1.68	1.51	0.97	1.11	1.10	1.53	1.29
Total operating expenses .....	10.51	11.64	12.48	14.44	14.32	9.58	12.72	11.68
Net operating profit .....	7.42	8.27	5.37	5.64	8.06	8.27	7.11	7.47
Non-trading income .....	0.82	0.61	1.10	1.28	1.62	0.34	0.19	0.74
Non-trading expense .....	—	0.12	0.05	0.29	—	0.21	—	0.10
Net profit before deduction of proprietors' salaries and income tax .....	8.24	8.72	6.42	6.63	9.88	8.40	7.30	8.11

<sup>1</sup> Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 19. Independent Confectionery Stores — Owned — Financial Structure by Size of Business as at December 31, 1958

Item	Stores with annual net sales of		Total all sizes \$20,000- \$99,999
	\$20,000- \$49,999	\$50,000- \$99,999	
<b>Assets</b>	average per store (dollars)		
Current assets:			
Cash on hand and in bank .....	1,093	3,227	1,771
Accounts and notes receivable (net) .....	51	220	105
Merchandise inventory .....	2,903	3,028	2,943
Other current assets .....	745	1,963	1,133
<b>Total current assets</b> .....	<b>4,792</b>	<b>8,438</b>	<b>5,952</b>
Fixed assets (net):			
Used in the business .....	8,306	8,565	8,389
Not used in the business .....	3,259	7,148	4,496
<b>Total fixed assets (net)</b> .....	<b>11,565</b>	<b>15,713</b>	<b>12,885</b>
Other assets:			
Long term investments .....	1,495	1,036	1,349
Other assets .....	307	738	444
<b>Total other assets</b> .....	<b>1,802</b>	<b>1,774</b>	<b>1,793</b>
<b>Total assets</b> .....	<b>18,159</b>	<b>25,925</b>	<b>20,630</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts and notes payable .....	1,456	1,712	1,537
Fixed liabilities:			
Mortgages on fixed assets used in the business .....	1,856	943	1,565
Mortgages on fixed assets not used in the business .....	540	1,455	832
<b>Total fixed liabilities</b> .....	<b>2,396</b>	<b>2,398</b>	<b>2,397</b>
Other liabilities .....	2,009	883	1,651
<b>Total liabilities</b> .....	<b>5,881</b>	<b>4,993</b>	<b>5,585</b>
Net worth: proprietor's or partners' equity in the business .....	12,298	20,932	15,045
<b>Total liabilities and net worth</b> .....	<b>18,159</b>	<b>25,925</b>	<b>20,630</b>
Average net sales of stores reporting .....	33,878	66,728	44,329
Number of stores reporting .....	30	14	44

TABLE 20. Independent Confectionery Stores - Rented - Financial Structure by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of				Total all sizes \$20,000 - \$99,999
	\$20,000 - \$49,999			\$50,000- \$99,999	
	Under 10 years	10 years and over	Total		
Assets	average per store (dollars)				
Current assets:					
Cash on hand and in bank .....	1,041	1,854	1,559	2,945	1,972
Accounts and notes receivable (net) .....	155	300	247	124	210
Merchandise inventory .....	2,446	1,760	2,009	4,213	2,666
Other current assets .....	54	710	471	531	489
Total current assets .....	3,696	4,624	4,286	7,813	5,337
Fixed assets (net):					
Used in the business .....	1,524	1,081	1,242	2,888	1,732
Not used in the business .....	707	2,027	1,547	491	1,232
Total fixed assets (net) .....	2,231	3,108	2,789	3,379	2,964
Other assets:					
Long term investments .....	—	—	—	—	—
Other assets .....	281	388	349	996	542
Total other assets .....	281	388	349	996	542
Total assets .....	6,208	8,120	7,424	12,188	8,843
Liabilities					
Current liabilities:					
Accounts and notes payable .....	953	978	968	2,089	1,303
Fixed liabilities:					
Mortgages on fixed assets used in the business .....	275	819	494	404	467
Mortgages on fixed assets not used in the business .....	—	51	33	258	99
Total fixed liabilities .....	275	670	527	662	566
Other liabilities .....	50	160	120	808	325
Total liabilities .....	1,278	1,808	1,615	3,559	2,194
Net worth proprietor's or partners' equity in the business .....	4,930	6,312	5,809	8,629	6,649
Total liabilities and net worth .....	8,208	8,120	7,424	12,188	8,843
Average net sales of stores reporting .....	33,887	31,321	32,254	66,464	42,445
Number of stores reporting .....	12	21	33	14	47



## INDEPENDENT FRUIT AND VEGETABLE STORES

The sales of fresh fruit and vegetables to the extent of 50% of total sales was the criterion for this class of retailers. Groceries and other items are also sold in such stores but fruit and vegetable sales must be predominant.

Profit and loss information which could be used in tabulation was received from 144 retailers

in this class. Balance sheet statements used in this report numbered 96.

The average ratio of gross profit in 1958 declined from 1956; this drop was coupled with a gain in the ratio of operating expenses to result in a reduction in net operating profit, from 7.32% in 1956 to 6.51% in 1958. Other income exceeded non-trading expense to give a final net profit ratio amounting to 7.01 per cent of net sales.

TABLE 21. Operating Results of Independent Fruit and Vegetable Stores, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
Gross profit.....	17.74	18.42	19.39	19.00
Operating expenses:				
Employees' salaries .....	3.79	4.35	3.94	4.02
Occupancy.....	4.01	4.46	4.69	4.72
Delivery.....	1.42	1.46	1.34	1.38
Office and store supplies .....	1.21	1.06	0.97	1.03
All other expenses.....	1.07	1.14	1.13	1.34
Total operating expenses .....	11.50	12.47	12.07	12.49
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income .....	6.24	5.95	7.32	6.51

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 22. Independent Fruit and Vegetable Stores - Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio - Owned .....	5.27	2.80	4.77	1.75
Rented .....	2.69	2.66	3.43	2.45
Liquidity ratio - Owned .....	3.21	1.75	2.53	1.02
Rented .....	1.36	1.17	2.24	1.48
Working capital to net worth ratio - Owned .....	0.36	0.28	0.33	0.20
Rented .....	0.55	0.55	0.52	0.48
Worth debt ratio - Owned .....	4.76	3.21	2.77	1.89
Rented .....	2.64	2.36	2.70	2.33
Turnover of total capital employed - Owned .....	4.10	3.95	3.50	4.93
Rented .....	8.23	7.46	5.63	6.74

Note: See page 21 for definitions.

TABLE 23. Independent Fruit and Vegetable Stores - Operating Results by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of			Rented stores with annual net sales of				Total all sizes <sup>1</sup>
	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Number of stores reporting.....	16	11	10	11	34	38	17	144
Average net sales per store.....	\$ 36,032	78,257	174,829	14,968	38,085	71,632	126,035	68,377
Average beginning inventory.....	\$ 1,455	2,792	6,006	791	2,294	2,900	4,321	2,755
Average inventory, end of year.....	\$ 1,648	2,792	5,403	629	2,025	3,161	4,230	2,737
Average cost of goods sold.....	\$ 29,658	65,246	141,224	11,240	30,818	57,903	102,059	55,538
Stock turnover (times per year).....	19.12	23.37	24.76	13.88	14.27	19.04	23.87	20.23
<b>Profit and loss data</b> (Per cent of net sales)								
Gross profit.....	17.69	16.63	19.22	24.91	19.08	19.17	19.02	19.00
Operating expenses:								
Employees' salaries and wages (except delivery).....	3.10	4.97	6.68	1.86	3.17	4.37	5.38	4.02
Delivery.....	1.68	1.63	1.81	2.26	1.35	1.08	0.98	1.36
Occupancy expenses:								
Taxes.....	1.24	0.69	0.37	0.40	0.40	0.32	0.24	0.59
Insurance.....	0.56	0.29	0.22	0.28	0.31	0.28	0.32	0.34
Rent.....	—	—	—	5.09	3.57	2.67	2.08	2.02
Heat, light and power.....	0.82	0.74	0.45	1.07	0.74	0.57	0.51	0.69
Repairs and maintenance.....	0.41	0.43	0.45	0.80	0.39	0.31	0.18	0.37
Depreciation allowances.....	0.62	0.94	1.10	0.11	0.55	0.75	0.98	0.71
Total occupancy expenses.....	3.45	3.29	2.59	7.75	5.96	5.10	4.31	4.72
Office and store supplies.....	0.85	1.20	1.64	1.65	0.85	0.94	1.16	1.03
Advertising.....	0.17	0.08	0.33	0.14	0.11	0.16	0.13	0.15
Net loss on bad debts.....	—	—	0.07	—	0.04	0.02	—	0.02
All other expenses.....	1.42	0.64	1.71	1.39	1.21	0.93	0.93	1.17
Total operating expenses.....	10.67	11.81	14.63	15.05	12.69	12.60	12.89	12.49
Net operating profit.....	7.02	4.82	4.59	9.86	6.39	6.57	6.13	6.51
Non-trading income.....	1.00	2.06	0.59	1.21	0.02	0.47	—	0.62
Non-trading expense.....	0.17	0.66	—	—	—	0.01	0.02	0.12
Net profit before deduction of proprietors' salaries and income tax.....	7.85	6.22	5.18	11.07	6.41	7.03	6.11	7.01

<sup>1</sup> Averages and ratios "weighted" according to the 1951 census weights of the different sales sizes for independent stores.

TABLE 24. Independent Fruit and Vegetable Stores - Owned - Financial Structure by Size of Business as at December 31, 1958

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over	
average per store (dollars)				
Assets				
Current assets:				
Cash on hand and in bank.....	1,985	2,093	3,833	2,572
Accounts and notes receivable (net).....	57	285	4,435	1,439
Merchandise inventory.....	1,688	2,569	5,464	3,091
Other current assets.....	555	247	12	299
<b>Total current assets</b> .....	<b>4,285</b>	<b>5,194</b>	<b>13,764</b>	<b>7,401</b>
Fixed assets (net):				
Used in the business.....	8,637	7,374	20,073	11,689
Not used in the business.....	2,500	427	5,683	2,833
<b>Total fixed assets (net)</b> .....	<b>11,137</b>	<b>7,801</b>	<b>25,756</b>	<b>14,522</b>
Other assets:				
Long term investments.....	484	4,869	1,264	2,033
Other assets.....	12	—	18	11
<b>Total other assets</b> .....	<b>496</b>	<b>4,869</b>	<b>1,282</b>	<b>2,044</b>
<b>Total assets</b> .....	<b>15,918</b>	<b>17,864</b>	<b>40,802</b>	<b>23,967</b>
Liabilities				
Current liabilities:				
Accounts and notes payable.....	2,119	2,475	6,773	4,222
Fixed liabilities:				
Mortgages on fixed assets used in the business.....	1,605	3,037	3,250	2,526
Mortgages on fixed assets not used in the business.....	—	444	1,655	690
<b>Total fixed liabilities</b> .....	<b>1,605</b>	<b>3,481</b>	<b>5,105</b>	<b>3,218</b>
Other liabilities.....	367	194	2,146	857
<b>Total liabilities</b> .....	<b>4,111</b>	<b>6,150</b>	<b>16,024</b>	<b>8,297</b>
Net worth: proprietor's or partners' equity in the business.....	11,807	11,714	24,778	15,670
<b>Total liabilities and net worth</b> .....	<b>15,918</b>	<b>17,864</b>	<b>40,802</b>	<b>23,967</b>
Average net sales of stores reporting.....	38,346	79,800	182,940	94,101
Number of stores reporting.....	12	9	9	30

**TABLE 25. Independent Fruit and Vegetable Stores — Rented — Financial Structure by Size and Age of Business as at December 31, 1958**

Item	Stores with annual net sales of					Total all sizes \$20,000 and over
	\$20,000 - \$49,999	\$50,000 - \$99,999			\$100,000 and over	
		Under 10 years	10 years and over	Total		
average per store (dollars)						
<b>Assets</b>						
Current assets:						
Cash on hand and in bank .....	1,447	1,353	3,022	2,465	4,294	2,471
Accounts and notes receivable (net) .....	262	18	622	421	1,067	493
Merchandise inventory .....	2,124	3,169	2,756	2,894	3,892	2,822
Other current assets .....	9	3	3,222	2,149	1,706	1,315
<b>Total current assets .....</b>	<b>3,842</b>	<b>4,543</b>	<b>9,622</b>	<b>7,929</b>	<b>10,959</b>	<b>7,101</b>
Fixed assets (net):						
Used in the business .....	2,952	2,687	2,042	2,257	5,296	3,097
Not used in the business .....	1,399	68	288	214	—	585
<b>Total fixed assets (net) .....</b>	<b>4,351</b>	<b>2,755</b>	<b>2,328</b>	<b>2,471</b>	<b>5,296</b>	<b>3,682</b>
Other assets:						
Long term investments .....	304	—	3,667	2,445	1,140	1,442
Other assets .....	68	757	302	453	670	369
<b>Total other assets .....</b>	<b>392</b>	<b>757</b>	<b>3,969</b>	<b>2,898</b>	<b>1,810</b>	<b>1,811</b>
<b>Total assets .....</b>	<b>8,585</b>	<b>8,055</b>	<b>15,919</b>	<b>13,298</b>	<b>18,065</b>	<b>12,594</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts and notes payable .....	1,499	1,593	3,342	2,759	5,699	2,820
Fixed liabilities:						
Mortgages on fixed assets used in the business .....	400	—	69	46	570	273
Mortgages on fixed assets not used in the business .....	130	—	108	72	—	78
<b>Total fixed liabilities .....</b>	<b>530</b>	<b>—</b>	<b>177</b>	<b>118</b>	<b>570</b>	<b>351</b>
Other liabilities .....	159	1,301	576	816	549	535
<b>Total liabilities .....</b>	<b>2,188</b>	<b>2,894</b>	<b>4,095</b>	<b>3,693</b>	<b>6,818</b>	<b>3,785</b>
Net worth: proprietor's or partners' equity in the business .....	6,397	5,161	11,824	9,603	11,247	8,809
<b>Total liabilities and net worth .....</b>	<b>8,585</b>	<b>8,055</b>	<b>15,919</b>	<b>13,298</b>	<b>18,065</b>	<b>12,594</b>
Average net sales of stores reporting .....	38,937	71,714	70,402	70,839	129,103	71,198
Number of stores reporting .....	23	10	20	30	13	86



## DEFINITIONS

## PROFIT AND LOSS

## Items

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

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

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

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

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

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

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

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

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

**Rent** — payments for use of business premises.

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

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

**Store supplies** — wrapping paper, office supplies, etc.

**Advertising** — displays, window dressing and sales promotion.

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

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

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

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

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

**Non-trading expense** — interest expense, rental expense, any other expenses not pertaining to the business.

## Ratios

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

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

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

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

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

## BALANCE SHEET

## Asset Items

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

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

**Merchandise inventory** — the cost value of merchandise on hand for resale but does not include store supplies on hand.

**Other current assets** — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

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

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

**Liabilities and Net Worth Items**

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

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

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

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

— Incorporated business — net worth is shown in two parts:

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

**Ratios**

**Current ratio** —  $\text{Current Assets} \div \text{Current Liabilities}$  — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to

examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

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

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

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

**Interstatement Ratio**

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

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