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TRIENNIAL



FUEL DEALERS

(Independent)

OPERATING RESULTS

1965

The last issue of this report, formerly known as Operating Results and Financial Structure of Independent Fuel Dealers, was for 1959. Previously Biennial, it is now Triennial.

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INTRODUCTION

This is the first time data on the operating results of fuel oil dealers and fuel dealers (other than oil) are presented separately. Previous surveys, four of which were conducted between 1952 and 1959, showed combined results for these two trades. The data from the previous surveys are recorded in Table 1.

During the 1961 Census of Merchandising and Service Establishments, data were collected on gross profit ratios for retail trades and these are published in Table 20, Volume VI, Part 1, of the Census of Canada, 1961; the small bulletin containing Table 20 bears Catalogue No. 97-505. These publications are obtainable from the Queen's Printer, Ottawa.

It is the intention to survey the trades reported on by the present bulletin every three years.

The figures in this report are published primarily as a guide for retailers. The averages and ratios that are shown can be used as a standard against which business men can compare their own operating experience. Data are provided for various types and sizes of operations. However, it is well to keep in mind that the averages and ratios published here do not represent the ideal situation to be aimed for. They are merely the observed results of a range of operational efficiencies. Where averages and ratios are given for a number of size categories or a number of types of operation, a weighting procedure has been applied to such data. These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores. Data on financial structure are not collected.

Definitions are given at the end of this publication.

TABLE 1. Operating Results of Independent Fuel Dealers, 1952 - 59

Item	Unincorporated				Incorporated			
	1952	1954	1956	1959	1952	1954	1956	1959
	per cent of net sales							
Gross profit	20.94	22.97	21.12	22.44	21.35	22.35	22.13	23.62
Operating expenses:								
Employees' salaries	3.62	3.61	3.04	5.38	6.15	6.12	6.96	8.40
Occupancy	2.24	2.48	2.48	2.64	1.82	2.16	2.18	2.60
Delivery	7.89	8.99	7.81	6.33	8.56	9.05	7.89	6.37
Advertising	0.42	0.52	0.40	0.23	0.63	0.62	0.57	0.27
All other expenses	1.80	1.96	1.96	2.26	2.35	2.40	2.15	3.02
Total operating expenses	15.97	17.56	15.69	16.84	19.51	20.35	19.75	20.66
Net operating profit before income tax and net non-trading income ¹	4.97	5.41	5.43	5.60	1.84	2.00	2.38	2.96

¹ Before proprietors' salaries in the case of unincorporated firms.

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

FUEL OIL DEALERS

Businesses included in this classification are retail dealers selling mainly oil for household consumption. Coal, wood, bottled gas and ice may also be sold in minor quantities. This classification included truck consignee agents.

Financial data of eight unincorporated businesses and 21 incorporated companies are included in this report. The gross profit for independent, unincorporated businesses was 22.82 per cent of net sales in 1965. It is of some interest to note that the gross profit as a percentage of net sales for fuel oil dealers revealed by the 1961 Census of Merchandising was 25.5 per cent. Gross profit ranged from 19.6 per cent for Saskatchewan to 27.6 per cent for Manitoba. The Census statistics pertain to all dealers of this kind, independent as well as chain, and incorporated companies as well as unincorporated businesses. Salaries and wages, in 1965, for independent unincorporated dealers, excluding the pay for delivery employees, were 1.80 per cent. Delivery expenses (including salaries and wages) were 8.79 per cent. Occupancy expenses reached 3.20 per cent

and total operating expenses amounted to 16.79 per cent. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 6.03 per cent. Taking account of non-trading income, net profit was 6.42 per cent of net sales in 1965.

In the incorporated sector of the trade, for all 21 companies that reported, the gross profit was 24.11 per cent in 1965. Salaries and wages, excluding the pay for delivery employees, were 6.99 per cent, delivery expense was 5.78 per cent, occupancy expenses 2.18 per cent, office and store supplies 0.20 per cent and all other expenses were 6.13 per cent, making total operating expenses 21.28 per cent. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 2.83 per cent. Taking account of non-trading income and expense, net profit was 3.47 per cent of net sales. In the detailed tables there is a distinction made between companies with owned and with rented premises.

TABLE 2. Fuel Oil Dealers, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1965

Item	Owned stores with annual net sales of			Total
	\$30,000	\$99,999	\$100,000-199,999	
Number of businesses reporting	5		121,670	8
Average net sales per business	59,449		121,670	92,888
Average beginning inventory	1,288		3,746	2,609
Average inventory, end of year	1,514		3,848	2,768
Average cost of goods sold	44,950		95,542	72,139
Stock turnover (times per year)	32.08		25.16	28.36
Profit and loss data				
(Per cent of net sales)				
Gross profit	24.39		21.47	22.82
Operating expenses:				
Employees' salaries and wages (except delivery)	1.21		2.30	1.80
Delivery expenses (including salaries and wages)	9.39		8.29	8.79
Occupancy expenses:				
Taxes	1.06		0.43	0.72
Insurance	0.88		0.48	0.67
Rent	—		—	—
Heat, light and power	0.73		0.31	0.50
Repairs and maintenance	0.63		0.31	0.46
Depreciation allowances	1.17		0.58	0.85
Total occupancy expenses	4.47		2.11	3.20
Office and store supplies	0.22		0.81	0.54
Advertising	0.49		0.26	0.37
Net loss on bad debts	0.05		0.32	0.19
All other expenses	2.29		1.56	1.90
Total operating expenses	18.11		15.65	16.79
Net operating profit	6.28		5.82	6.03
Non-trading income	0.56		0.24	0.39
Non-trading expense	—		—	—
Net profit before deduction of proprietors' salaries, withdrawals, and income tax	6.84		6.06	6.42

TABLE 3. Fuel Oil Dealers, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1965

Item	Owned stores with annual net sales of \$200,000 and over	Rented stores with annual net sales of				Total	Total owned and rented
		\$50,000	\$199,999	\$200,000-499,999	\$500,000 and over		
Number of businesses reporting	5	4		6	6	16	21
Average net sales per business	1,284,012	109,667		321,216	3,465,549	355,993	1,147,110
Average beginning inventory	40,169	2,493		10,186	72,824	9,228	35,605
Average inventory, end of year	52,396	1,664		1,059	85,963	7,102	45,714
Average cost of goods sold	974,842	75,981		249,242	2,489,459	269,727	870,823
Stock turnover (times per year)	20.61	36.54		28.91	31.35	32.98	22.43
Profit and loss data							
(Per cent of net sales)							
Gross profit	24.08	30.72		22.41	28.17	24.31	24.11
Operating expenses:							
Employees' salaries and wages (except delivery)....	6.84	15.54		6.34	9.67	7.84	6.99
Delivery expenses (including salaries and wages)	5.74	6.49		6.02	8.44	6.02	5.78
Occupancy expenses:							
Taxes	0.55	0.26		0.13	0.41	0.19	0.50
Insurance	0.18	0.90		0.22	0.08	0.35	0.20
Rent	—	0.95		0.80	0.82	0.81	0.12
Heat, light and power	0.16	0.18		0.15	0.16	0.18	0.16
Repairs and maintenance	0.22	0.63		0.52	0.45	0.48	0.26
Depreciation allowances	0.94	0.46		0.94	0.89	0.91	0.94
Total occupancy expenses	2.05	3.38		2.76	2.81	2.92	2.18
Office and store supplies	0.16	0.08		0.12	0.70	0.45	0.20
Advertising	0.50	0.58		0.61	0.52	0.59	0.51
Net loss on bad debts	0.20	0.15		0.62	1.34	0.51	0.25
All other expenses	5.87	2.13		2.57	2.63	2.51	5.37
Total operating expenses	21.36	28.35		19.04	26.11	20.84	21.28
Net operating profit	2.72	2.37		3.37	2.06	3.47	2.83
Non-trading income	1.89	0.09		0.24	1.14	0.77	1.72
Non-trading expense	1.24	—		0.04	0.09	0.16	1.08
Net profit before allowances for income tax	3.37	2.46		3.57	3.11	4.08	3.47

FUEL DEALERS (OTHER THAN OIL)

Businesses included in this classification are retail dealers selling mainly coal, fire wood, bottled gas or other fuels (except oil). Lumber and building materials and ice often form additional lines. Businesses selling these additional lines are classified as coal and wood yards, providing the sale of fuel amounts to at least 50 per cent.

Financial data of 5 unincorporated businesses and 8 incorporated companies are included in this report. The gross profit for independent, unincorporated businesses was 27.05 per cent of net sales in 1965. It is of some interest to note that the gross profit as a percentage of net sales for fuel dealers (other than oil), revealed by the 1961 Census of Merchandising was 31.9 per cent. Gross profit ranged from 28.9 per cent for Ontario to 39.2 per cent for New Brunswick. The Census statistics pertain to all dealers of this kind, independent as well as chain, and incorporated companies as well as unincorporated businesses. Salaries and wages, in 1965, for independent unincorporated fuel dealers (other than oil) were 4.16 per cent. Delivery expense

amounted to 6.72 per cent. Occupancy expenses reached 3.52 per cent of net sales and total operating expenses amounted to 22.31 per cent. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax, was 4.74 per cent. Taking account of net non-trading income, net profit was 7.00 per cent of net sales in 1965.

In the incorporated sector of the trade, for all 8 companies reported, the gross profit was 47.09 per cent. Salaries and wages for incorporated independent fuel dealers (other than oil), excluding the pay for delivery employees, were 10.61 per cent. Delivery expense was 11.54 per cent. Occupancy expenses were 8.18 per cent, other operating expenses amounted to 8.94 per cent, making total operating expenses 39.27 per cent. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 7.82 per cent. Taking account of non-trading income, net profit amounted to 7.92 per cent of net sales. In the detailed tables, there is a distinction made between fuel dealers (other than oil) with owned and with rented premises.

TABLE 4. Fuel Dealers (Other than Oil), Independent, Operating Results by Annual Sales Volume (Unincorporated Businesses) 1965

Item	Total owned and rented
Number of businesses reporting	5
Average net sales per business	53,327
Average beginning inventory	3,323
Average inventory, end of year	3,127
Average cost of goods sold	40,176
Stock turnover (times per year)	12.05
Profit and loss data	
(Per cent of net sales)	
Gross profit	27.05
Operating expenses:	
Employees' salaries and wages (except delivery)	4.16
Delivery expenses (including salaries and wages)	6.72
Occupancy expenses:	
Taxes	0.84
Insurance	0.53
Rent	0.32
Heat, light and power	0.60
Repairs and maintenance	0.36
Depreciation allowances	0.87
Total occupancy expenses	3.52
Office and store supplies	0.11
Advertising	0.28
Net loss on bad debts	0.39
All other expenses	7.13
Total operating expenses	22.31
Net operating profit	4.74
Non-trading income	2.26
Non-trading expense	—
Net profit before deduction of proprietors' salaries, withdrawals and income tax	7.00

TABLE 5. Fuel Dealers (Other than Oil), Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies) 1965

Item	Owned stores with annual net sales of \$100,000 - \$199,999	Rented stores with annual net sales of \$100,000 - \$199,999	Total owned and rented
Number of businesses reporting	3	5	8
Average net sales per business	135,990	116,506	122,165
Average beginning inventory	8,207	11,458	10,514
Average inventory, end of year	8,386	14,145	12,472
Average cost of goods sold	72,888	92,887	87,078
Stock turnover (times per year)	8.79	7.26	7.70
Profit and loss data (Per cent of net sales)			
Gross profit	46.40	47.37	47.09
Operating expenses:			
Employees' salaries and wages (except delivery)	13.79	9.31	10.61
Delivery expenses (including salaries and wages)	13.68	10.66	11.54
Occupancy expenses:			
Taxes	0.98	0.53	0.66
Insurance	0.74	1.16	1.04
Rent	—	2.34	1.66
Heat, light and power	0.35	0.24	0.27
Repairs and maintenance	0.64	1.16	1.01
Depreciation allowances	1.04	4.56	3.54
Total occupancy expenses	3.75	9.99	8.18
Office and store supplies	0.62	0.60	0.61
Advertising	0.78	0.78	0.78
Net loss on bad debts	6.02	0.83	2.34
All other expenses	3.91	5.75	5.21
Total operating expenses	42.55	37.92	39.27
Net operating profit	3.85	9.45	7.82
Non-trading income	0.30	0.01	0.10
Non-trading expense	—	—	—
Net profit before allowances for income tax	4.15	9.46	7.92



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DEFINITIONS

Profit and Loss

Net sales — the dollar volume of business done.

Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn 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, and transportation costs from warehouse to stores.

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, commissions and bonuses (except delivery) — payments to employees before deduction of income tax or unemployment insurance, etc. Included are salaries paid to executives of incorporated firms. Proprietors' salaries or withdrawals are included in "net operating profit" for unincorporated store operations.

Employees' benefits — contributions made towards employees' pensions, unemployment insurance, hospitalization and other staff benefits. (Excludes employees' own contributions.)

Occupancy — the cost of maintaining and occupying a place of business and includes property taxes, insurance, heat, light and power, repairs and maintenance, depreciation, mortgage interest on owned real estate and rental expense on rented premises.

Taxes and licences — excluding property taxes.

Insurance — premiums for insurance policies carried to protect the business, covering furniture and fixtures and inventories but excluding real estate insurance and insurance on delivery equipment.

Repairs and maintenance — costs incurred to keep fixtures and equipment operating efficiently. (Excludes capital expenditure and delivery.)

Depreciation — allowances on fixtures and equipment (except delivery).

Supplies — wrapping paper, twine, store and office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Travelling — all travelling expense including buying.

Communication — telephone, telegraph and postage.

Delivery — 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.), all other costs from stores to customers including amounts paid for contract delivery.

Bad debt loss — amount written off or reserve provided for during the current year.

All other operating expenses — bank charges, legal, auditing and collection fees, etc.

Non-trading income — interest earned, net revenues from rentals, financial charges, delivery charges made to customers and bad debts recovered, revenues from investments and other non-trading activities.

Non-trading expense — interest expense and any other expenses not pertaining to the business.