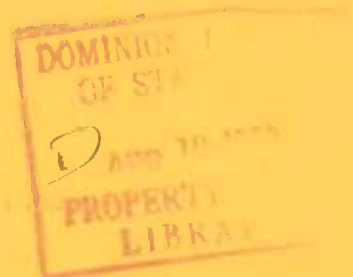


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GOVERNMENT OF CANADA

OPERATING RESULTS

AND

FINANCIAL STRUCTURE

RETAIL HARDWARE, FURNITURE

APPLIANCE AND RADIO STORES

1948



DOMINION BUREAU OF STATISTICS
DEPARTMENT OF TRADE AND COMMERCE

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FACSIMILE OF SCHEDULE

4. PROFIT AND LOSS STATEMENT		DOLLARS	OR	CENTS												
MERCHANDISING STATEMENT																
1. TOTAL NET SALES OR RECEIPTS (INCLUDE ALL MERCHANDISE LESS ALLOWANCES: INCLUDE VALUE OF GOODS SOLD ON A COMMISSION BASIS, MERCHANDISE SOLD OR CONSUMED, SERVICE RECEIPTS, AND PROPRIETORS' WITHDRAWALS OF GOODS FOR THEIR OWN USE AT RETAIL PRICES! DO NOT INCLUDE DIRECT SALES TAXES AND NON-TRADING REVENUES, SUCH AS RECEIPTS, DIVIDENDS, RENT, BAD DEBTS RECOVERED, ETC.)																
2. INVENTORY OF MERCHANDISE FOR RESALE BEGINNING OF YEAR. (EXCLUDE STORE SUPPLIES ON HAND.)																
3. MERCHANDISE PURCHASED FOR RESALE AT INVOICED VALUE, LESS RETURNS, ALLOWANCES, CASH AND TRADE DISCOUNTS. INCLUDE DUTY, INWARD FREIGHT, EXPRESS AND TRUCKAGE. EXCLUDE STORE SUPPLIES SHOWN UNDER ITEM 16.																
4. TOTAL, BEGINNING INVENTORY AND MERCHANDISE PURCHASED (ADD ITEMS 2 AND 3)																
5. INVENTORY OF MERCHANDISE FOR RESALE, END OF YEAR. (EXCLUDE STORE SUPPLIES ON HAND.)																
6. COST OF MERCHANDISE SOLD (SUBTRACT ITEM 5 FROM ITEM 4)																
7. GROSS TRADING PROFIT OR MARGIN (SUBTRACT ITEM 6 FROM ITEM 1)																
EXPENSE STATEMENT																
8. SALARIES, WAGES AND COMMISSIONS PAID TO ALL EMPLOYEES, EXCEPT DELIVERY (REPORT FULL AMOUNT BEFORE PAYROLL DEDUCTIONS. DO NOT INCLUDE WITHDRAWALS BY PROPRIETORS OR PARTNERS OF UNINCORPORATED BUSINESS.)																
9. TAXES (INCLUDE BUSINESS, PROPERTY AND WATER TAXES, AND LICENCES. DO NOT INCLUDE INCOME TAX AND DIRECT TAXES COLLECTED BY THE STORE FOR THE GOVERNMENT.)																
10. INSURANCE (INSURANCE PREMIUMS APPLICABLE TO YEAR REFER TO ALL TYPES CARRIED FOR PROTECTION OF THE BUSINESS.)																
11. RENTALS FOR PREMISES USED IN BUSINESS.																
12. HEAT, LIGHT AND POWER USED IN YEAR.																
13. DELIVERY EQUIPMENT		<table border="1"> <tr> <td>(a) OWN</td> <td>SALARIES</td> </tr> <tr> <td></td> <td>REPAIRS AND MAINTENANCE</td> </tr> <tr> <td></td> <td>DEPRECIATION, LICENSES AND INSURANCE</td> </tr> <tr> <td></td> <td>SUPPLIES USED (GAS, OIL, GREASE)</td> </tr> <tr> <td>EXPENSE (b)</td> <td>TOTAL AMOUNT PAID FOR CONTRACT DELIVERY</td> </tr> <tr> <td></td> <td>TOTAL DELIVERY EXPENSE</td> </tr> </table>			(a) OWN	SALARIES		REPAIRS AND MAINTENANCE		DEPRECIATION, LICENSES AND INSURANCE		SUPPLIES USED (GAS, OIL, GREASE)	EXPENSE (b)	TOTAL AMOUNT PAID FOR CONTRACT DELIVERY		TOTAL DELIVERY EXPENSE
(a) OWN	SALARIES															
	REPAIRS AND MAINTENANCE															
	DEPRECIATION, LICENSES AND INSURANCE															
	SUPPLIES USED (GAS, OIL, GREASE)															
EXPENSE (b)	TOTAL AMOUNT PAID FOR CONTRACT DELIVERY															
	TOTAL DELIVERY EXPENSE															
14. REPAIRS AND MAINTENANCE (EXCLUDE CAPITAL EXPENDITURES)																
15. DEPRECIATION ALLOWANCES (PLEASE SEE FOOTNOTE ON PAGE 1.) IF YOUR FIXED STORE ASSETS HAVE BEEN ENTIRELY DEPRECIATED, ENTER "NIL."																
16. STORE SUPPLIES (WRAPPING PAPER, TWINE, OFFICE SUPPLIES, ETC.)																
17. ADVERTISING																
18. LOSS ON BAD DEBTS DURING THE YEAR																
19. ALL OTHER EXPENSES (TELEPHONE, TELEGRAPH, POSTAGE, BANK CHARGES, INTEREST ON BORROWED MONEY USED IN THE BUSINESS, LEGAL, AUDIT FEES, ETC.) DO NOT INCLUDE CAPITAL EXPENDITURE OR PROPRIETORS' OR PARTNERS' SALARIES OR WITHDRAWALS.																
20. TOTAL OPERATING EXPENSES (ADD ITEMS 8 TO 19 INCLUSIVE)																
NET TRADING PROFIT																
21. NET TRADING PROFIT BEFORE DEDUCTIONS OF PROPRIETORS' OR PARTNERS' SALARIES OR WITHDRAWALS AND BEFORE INCOME TAXES.																
B. WORKING PROPRIETORS, PARTNERS AND PAID EMPLOYEES																
1. TOTAL SALARIES OR WITHDRAWALS OF PROPRIETORS OR PARTNERS IN 1948																
2. WHAT WAS THE AVERAGE NUMBER OF PAID EMPLOYEES IN 1948?																

6.

BALANCE SHEET FOR YEAR 1948

		DOLLARS	ORBIT	CENTS
CURRENT ASSETS	CASH ON HAND OR IN BANK			
	(A) ACCOUNTS AND NOTES RECEIVABLE			
	(B) RESERVE FOR DOUBTFUL ACCOUNTS			
	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)			
	MERCHANDISE INVENTORIES			
FIXED ASSETS	OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)			
	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT			
	(B) RESERVE FOR DEPRECIATION			
	TOTAL FIXED ASSETS (A LESS B)			
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS			
TOTAL ASSETS				
LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE			
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME			
NET WORTH	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHAREHOLDERS' EQUITY)			
	SURPLUS ACCOUNT			
TOTAL LIABILITIES AND NET WORTH				

BALANCE SHEET FOR YEAR 1947

		DOLLARS	ORBIT	CENTS
CURRENT ASSETS	CASH ON HAND OR IN BANK			
	(A) ACCOUNTS AND NOTES RECEIVABLE			
	(B) RESERVE FOR DOUBTFUL ACCOUNTS			
	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)			
	MERCHANDISE INVENTORIES			
FIXED ASSETS	OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)			
	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT			
	(B) RESERVE FOR DEPRECIATION			
	TOTAL FIXED ASSETS (A LESS B)			
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS			
TOTAL ASSETS				
LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE			
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME			
NET WORTH	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHAREHOLDERS' EQUITY)			
	SURPLUS ACCOUNT			
TOTAL LIABILITIES AND NET WORTH				

7.

ANNUAL SALES TRENDS

IN ORDER TO PROVIDE COMPARABLE FIGURES FROM YEAR TO YEAR, PLEASE STATE YOUR TOTAL SALES. (SALES FOR 1948 SHOULD AGREE WITH AMOUNT GIVEN IN SECTION 6, ITEM 1)

TOTAL SALES FOR 1948

TOTAL SALES FOR 1947

THE INFORMATION GIVEN ON THIS SCHEDULE IS CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

NAME OF FIRM

DATE OF REPORT

SIGNATURE

PERIOD COVERED FROM

TO

DEFINITIONS

PROFIT AND LOSS

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

GROSS PROFIT is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) - paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit (in independent store operations).

Taxes and Insurance - business, property and water taxes, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals - monies paid for premises used only in the business.

Heat, light and power expenses - amount paid for these used during the year.

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

Repairs and maintenance - incurred for the purposes of keeping fixed store assets operating efficiently (excludes capital expenditure).

Depreciation - allowances to cover decreases in the value of fixed store assets.

Store supplies - used in the business during the year - wrapping paper, office supplies.

Advertising

Loss on bad debts - during the year - amount written off less old debts recovered.

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

NET PROFIT is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise sold.

BALANCE SHEET

ASSETS

Cash on hand - or in the bank represents the amount of cash at the end of the year.

Net accounts receivable - are all notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventories - represents the cost value of merchandise on hand for resale but does not include store supplies on hand.

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

Fixed assets (net) - is the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation.

Other assets - include deferred charges - items of expenditure from which future benefits are expected - intangibles such as goodwill, investments of a permanent nature not readily converted into cash.

LIABILITIES AND NET WORTH

Current liabilities - are obligations which must be paid in the near future and represent accounts receivable or any item that may be considered as a direct lien against current assets.

Other liabilities - (includes fixed liabilities) - mortgages, mortgage bonds and long-term notes, accrued expenses such as taxes or rent due but not yet paid, and prepaid or deferred income - money received in advance for which goods or services have not yet been given.

Capital stock - as applicable to incorporated companies represents the investment account of the stockholder in the capital shares of the corporation and does not exceed the amount authorized.

Surplus - as applicable to corporations includes earned surplus from operating profits, capital surplus, from premiums received on the sale of capital stock, and surplus reserves.

Net worth - is the difference between total assets and total liabilities and represents owners' equity in the business. This is composed of capital stock and surplus.

Note: In unincorporated firms capital and surplus are not shown separately because the majority of reports from these firms did not separate surplus from capital. For practical purposes, then, net worth represents the capital of unincorporated businesses.

LIST OF ALLIED PUBLICATIONSANNUAL:

- Food Chains in Canada
- Variety Chains in Canada
- Drug Chains in Canada
- Retail Chains in Canada
- Retail Trade

QUARTERLY:

- Retail Consumer Credit

MONTHLY:

- Department Store Sales and Inventories
- Retail Trade
- Wholesale Trade

SPECIAL:

- Operating Results Series
 - Independent Stores - 5 bulletins,
20 trades (1948 survey includes
Balance Sheet data)
 - Wholesalers - 3 bulletins,
10 trades
 - Chain Stores - 3 bulletins,
10 trades

The above publications may be obtained by writing to the
Dominion Bureau of Statistics, Ottawa

OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL HARDWARE, FURNITURE, APPLIANCE AND RADIO STORES

1948

INTRODUCTION

This report, presenting operating results of independent hardware, furniture, household appliance and radio stores, 1948, continues the series of bulletins published in 1944, 1945 and 1946. The survey is based upon operating statements contributed by a sample of firms throughout the country.

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

These studies do not attempt to deal with methods of operation or their possible improvement, but present operating and financial statement 'averages' for independent retail trades by size and occupancy classes. No regional analysis has been made, the sample having been designed to produce national averages only.

For hardware stores, a distinction has been made between unincorporated and incorporated businesses while the sample in the other trades covered only unincorporated stores. In the profit and loss section, the salaries figure for incorporated firms includes amounts paid to executives, while for unincorporated stores, proprietors' withdrawals remained a part of net profit. In the balance sheet section, segregation of capital stock and the surplus account was possible for incorporated firms, but the majority of unincorporated firms reported the two items as one amount - capital.

Chain stores are dealt with in a separate survey alternated each year with the studies on independent stores.

USE OF OPERATING AND FINANCIAL RATIOS

An orderly system of bookkeeping is essential if the best use is to be made of the ratios in this report. Reference should also be made to the list of definitions provided on pages 4 and 5 of this bulletin. Following are a few brief comments on both the Profit and Loss Statement and Balance Sheet results, illustrating the use and purposes of this study.

PROFIT AND LOSS

The retail merchant, reviewing his year's operations and planning improvements and economies in certain phases of his activities may become aware of the following important questions:

1. What is an adequate profit for his line of business?
2. What amount of inventory should be carried and how many times a year should it be turned over?
3. What proportion of sales should be paid out in wages to employees?
4. What part of sales should be spent on other operating expenses?

This bulletin presents 'average' results for comparison purposes. All major profit and expense items are expressed as percentages of net sales. Where there was a sufficient number of responding firms, this information was broken down into five sales-size classes for owned and rented stores.

Certain refinements in expense items have been made by segregating delivery expense. The components of this item were contained in certain other items in previous bulletins. This has had an effect on comparison with expenses shown for previous years in earlier bulletins of this series.

BALANCE SHEET

The financial effects of changes in operating plans and policies may be observed by comparison of balance sheets for succeeding years. As this is the first study made by this Bureau on Balance Sheet data we can present only the item averages as they stood at the end of 1948. These averages and ratios, however, should be of considerable value as an indication of what a merchant's own financial position might be. Where possible, a division has been made by age of business within size and occupancy groups. An analysis of financial statements should produce the following information.

1. Ability to meet current and long-term obligations.
2. Owners' net worth or equity in the business.
3. Potential productivity of the business.

Important ratios from the Balance Sheet are:

1. Current assets to current liabilities - often called the "current ratio". This ratio indicates the ability of the business to meet current obligations out of current assets. Its changes indicate whether a business is gaining or losing working capital.
2. Current assets to fixed assets: Fixed assets should not be expanded at the expense of current assets needed for operating expenses and inventory purchases. Decreases in this ratio may indicate any tendency toward over-investment in fixed assets.
3. Net quick assets to net worth: The ratio of net quick assets (current assets minus current liabilities - also called working capital) to net worth discloses how much of proprietors' capital or net worth is in the form of quickly convertible assets free from current obligation.
4. Liabilities to net worth shows the relationship between total debt and owned capital. This ratio will fluctuate at times when seasonal buying creates higher liabilities while net worth remains uniform.

Ratios of particular use in dealing with other aspects of business may also be calculated from figures in this report. A division between capital and surplus was not feasible for businesses of individual ownership or partnerships.

VELOCITY RATIOS. These are ratios between certain profit and loss and balance sheet items.

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

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

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

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

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

Newfoundland was not included in this survey.

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The assistance and guidance of the CANADIAN RETAIL FEDERATION throughout this survey is gratefully acknowledged.

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COMPARISON OF MAIN ITEMS BY TRADES

GROSS AND NET PROFIT

Of the three trades, hardware stores have shown the smallest change in profits since 1944 and household appliance and radio stores the greatest. Hardware stores increased their gross profit slightly from 23.7% in 1946 to 24.7% in 1948 while net profit remained at 11.5% of net sales. Furniture stores maintained the same gross margin in 1948 as in 1946 (26.7% of net sales) but greater operating expenses reduced net profit from 11.5% in 1946 to 9.6% in 1948. A considerable decrease occurred in both gross and net profits of household appliance and radio stores. The 1945 gross profit of 36.4% was reduced to 29.2% in 1946 and to 27.4% in 1948. Net profit dropped from 12.9% in 1945 to 11.6% in 1946 and to 9.5% in 1948.

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

Year	HARDWARE		FURNITURE		HOUSEHOLD APPLIANCE AND RADIO	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
1938 ..	25.6	5.5	33.5	4.3	(a)	(a)
1941 ..	25.7	9.0	(a)	(a)	(a)	(a)
1944 ..	25.7	12.2	29.9	10.3	35.2	12.2
1945 ..	24.6	12.3	28.0	11.0	36.4	12.9
1946 ..	23.7	11.5	26.7	11.5	29.2	11.6
1948 ..	24.7	11.5	26.7	9.6	27.4	9.5

(a) Not available.

Note: Net profit includes proprietors' salaries and income tax.

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER

The increasing availability of merchandise in 1946 coupled with brisk consumer demand produced a high rate of stock turnover by all trades in that year. This rate of stock turn ranged from 3.7 in hardware stores to 6.0 times per year in appliance and radio stores. Since 1946 inventories have been built up and the turnover rate reduced to a range of from 3.0 to 4.7 times per year.

The results of the sample used in this study show furniture stores to be the largest in average sales and dollar volume of inventory. However, the average sales from the sample for the different years are not to be taken as an indicator of the trend in total retail sales. These average sales are quoted here to enable individual merchants to make proper adjustment for their sales-size when making comparisons with the operating ratios presented.

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER - 1938, 1941, 1944-1946, 1948

Year	HARDWARE				FURNITURE			
	Average sales per store	Inventories		Stock turn-over *	Average sales per store	Inventories		Stock turn-over *
		Begin-ning	Ending			Begin-ning	Ending	
	\$	\$	\$		\$	\$	\$	
1938 .	31,581	11,559	11,401	2.0	72,923	17,574	18,304	2.7
1941 .	26,553	8,459	9,224	2.2	(not available)			
1944 .	37,296	8,354	8,727	3.2	44,350	10,600	9,890	3.0
1945 .	36,441	8,126	8,564	3.3	54,657	9,292	10,330	4.0
1946 .	46,053	8,520	10,408	3.7	76,944	10,849	15,158	4.3
1948 .	55,200	13,246	14,754	3.0	101,092	22,621	24,315	3.2

Year	HOUSEHOLD APPLIANCE AND RADIO			
	Average sales per store	Inventories		Stock turn-over *
		Begin-ning	Ending	
	\$	\$	\$	
1944	17,688	3,538	3,078	3.5
1945	19,764	3,063	3,478	3.8
1946	44,560	3,743	6,773	6.0
1948	80,944	12,013	12,920	4.7

* Times per year.

AVERAGE OPERATING EXPENSES

The largest single item of expense was for salaries and wages which ranged from 6.48% of sales in hardware stores to 9.07% in household appliance and radio stores.

Occupancy costs were shown to be highest in furniture stores at 4.10% of net sales. Delivery expense was 2.00% of sales also highest among the three trades. Expenditures for advertising were proportionately much higher in the case of appliance and radio and furniture stores than in hardware stores.

OPERATING EXPENSES FOR 1948

Item	Hardware	Furniture	Household Appliance and Radio
Salaries and wages	6.48	6.79	9.07
Occupancy	3.19	4.10	3.08
Delivery	1.11	2.00	1.67
Store supplies .....	.38	.42	.45
Advertising .....	.52	1.36	1.46
All other	1.57	2.47	2.13
Total	13.25	17.14	17.86

Items expressed as percentage of net sales.

FINANCIAL POSITION

Owned and rented stores were separated for the tabulation of balance sheet data because of the greater amount of fixed investment in owned stores. With the exception of owned appliance and radio stores, both occupancy groups of the three trades had a "current ratio" of over 2. Hardware stores were in the best position and had current assets over four times as large as current liabilities. Owned appliance stores had current assets of \$1.95 to meet every \$1.00 of current liabilities. Hardware stores also had the most favourable ratio of liabilities to net worth having only 29% and 34% liability obligations against net worth for owned and rented groups respectively.

Household appliance and radio stores transacted the greatest dollar volume of sales per \$1.00 net worth while hardware stores in the owned class and furniture stores in the rented group made the best use of their fixed assets in producing sales. Other ratios on financial structure are shown below.

FINANCIAL AND OPERATING RATIOS COMPARED, DECEMBER 31, 1948

Item	OWNED			RENTED		
	Hard-ware	Furni-ture	Household Appliance and Radio	Hard-ware	Furni-ture	Household Appliance and Radio
Current assets to current liabilities	4.30	2.29	1.95	4.08	2.38	2.45
Current assets to fixed assets	2.83	2.03	1.56	12.26	17.47	7.01
Net quick assets to net worth .....	.71	.58	.53	.91	.95	.81
Liabilities to net worth ...	.29	.59	.80	.34	.78	.59
Sales to net worth	2.28	2.29	3.22	3.19	3.64	4.44
Sales to fixed assets	7.00	4.55	4.63	32.32	38.87	22.79
Net profit to net worth ....	.25	.23	.31	.37	.32	.41

SUMMARIES, CHARTS AND TABLES.

1. HARDWARE STORES

Reports suitable for tabulation of Profit and Loss data were received from 531 independent unincorporated hardware stores and from 95 incorporated firms. These were segregated into five sales-size ranges for both owned and rented stores. Reports received from unincorporated rented stores with annual net sales of less than \$10,000 were too few to permit publication of results. The incorporated firms fell into two sales sizes for owned and three sizes for rented stores.

Balance Sheet data were secured from a smaller number of unincorporated firms and the three largest size-classes were tabulated to give average results from 307 reports. The number of reports from incorporated firms showing complete balance sheet data was 67.

The operating results and financial structure of hardware stores in 1948 are summarized as follows:

1. Unincorporated hardware stores operated on slightly greater gross margins in 1948 than in 1946 - 24.7% and 23.7% per cent of net sales respectively. Incorporated firms obtained an average gross profit of 26.2% in 1948. Results of incorporated hardware stores are not available for previous years.

The 1948 average net profit of unincorporated stores, 11.5%, was the same ratio as that realized in 1946 but represented a greater dollar volume due to the rise in average sales per store from \$46,053 in 1946 to \$55,200 in 1948. (Table 1, page 16).

2. In 1948, the ratio of gross profit in unincorporated stores generally decreased with greater sales volume. The trend of net profit was more irregular but for both gross and net profits the range over the different sales-size categories was not great. The occupancy cost items - taxes, insurance, rent, heat, light and power, repairs and depreciation - decreased in proportion to sales as volume of business increased, as did store supplies and 'other' expenses. Salaries, advertising and bad debt losses increased proportionately with greater dollar volume of sales. (Table 2, page 18).

3. The trends of operating expenses in the incorporated type of stores were more irregular than in the unincorporated class. Owned stores operated on higher ratios of gross profit and netted greater profits proportionately than did rented stores. All size and occupancy groups shown reported a greater dollar volume of stock at the end of the year than at the beginning and the rate of stock turnover ranged from 2.66 to 3.31 times per year. (Table 3, page 19).
4. All size and age classes of both owned and rented unincorporated stores had very favourable ratios of current assets to current liabilities. Owned stores had from \$3.33 to \$5.10 current assets to meet every dollar of current obligation. Rented stores averaged from \$2.64 to \$5.96 over the different size and age groups per dollar of current liability.

The larger sized stores, and within each size the older stores, had a lower ratio of total liabilities to net worth. Over all age, size and occupancy classes of unincorporated hardware stores the range was from 21¢ liability for every \$1.00 net worth to 56¢. Other financial ratios for these stores at December 31, 1948 are contained in tables 4 and 5, pages 20 and 21).

5. At December 31, 1948, the different size and occupancy classes of incorporated hardware stores had from \$2.77 to \$4.08 current assets to meet every \$1.00 of current liability. Over 50% of net worth was in the form of working capital or current assets free from current obligation. This ratio was greater in the rented class where the average net worth is smaller due to the absence of fixed asset investment. In both owned and rented stores, a greater dollar volume of sales was made for each dollar of capital in the larger sized businesses. (Table 6, page 22).

Table 1. - Operating Results of Hardware Stores, 1944-1946, 1948

Item	UNINCORPORATED				INCORPORATED
	1944	1945	1946	1948	1948
Number of stores reporting ...	161	612	694	531	95
Average net sales \$	37,296	36,441	46,053	55,200	129,003
Gross profit	25.7	24.6	23.7	24.7	26.2
Operating expenses	13.5	12.3	12.2	13.2	19.7
Net profit before deduction of income tax (1)	12.2	12.3	11.5	11.5	6.5

(1) For unincorporated stores this ratio included proprietors' salaries.

OPERATING RESULTS OF HARDWARE STORES, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES

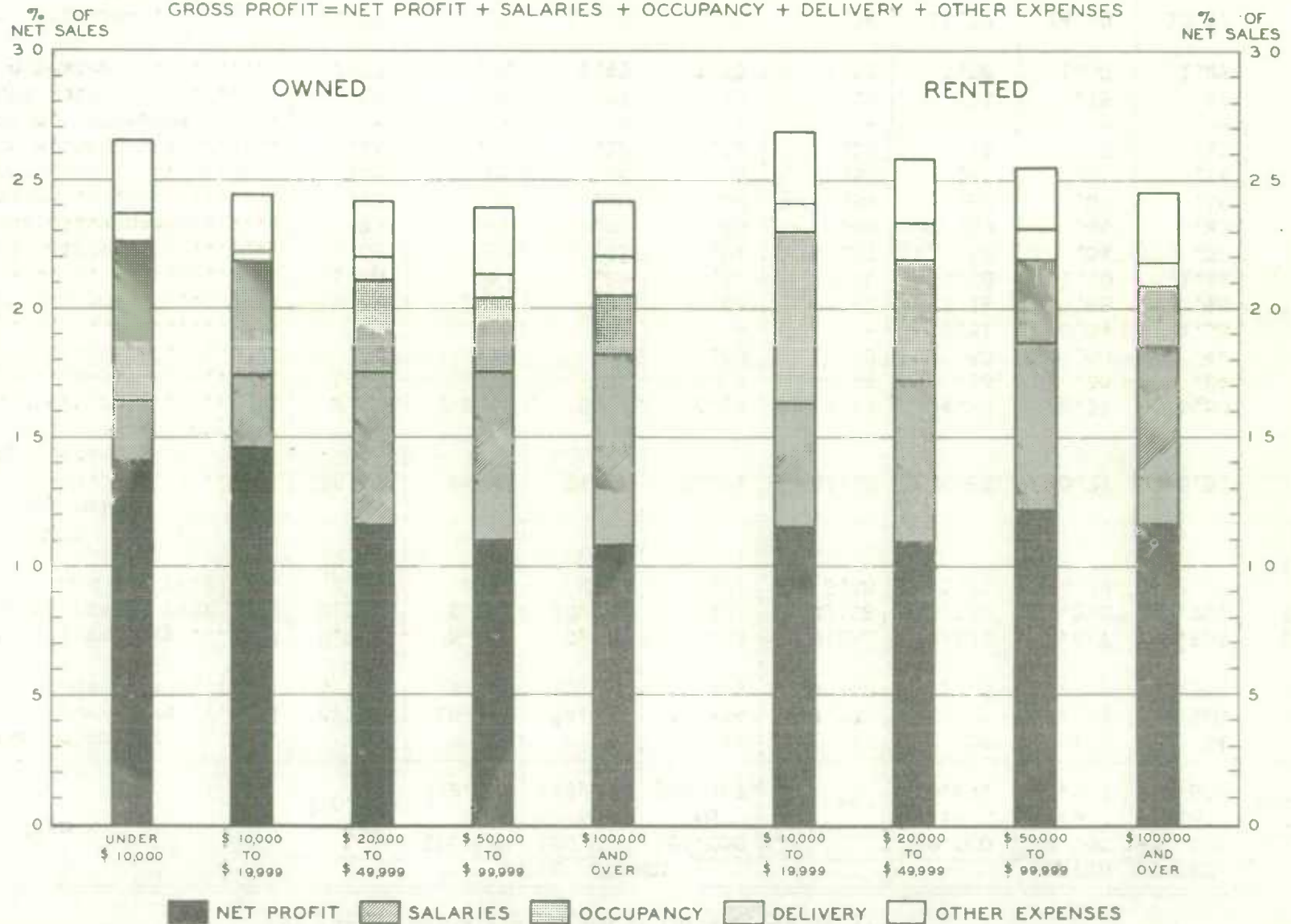


Table 2.--Hardware Stores - Operating Results of Unincorporated Stores Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES					RENTED STORES			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	16	28	130	79	26	25	101	84	36
Average net sales per store \$	6,789	16,365	34,100	68,854	144,735	15,181	35,298	70,183	145,054
Average cost of goods sold \$	4,994	12,378	25,840	52,372	109,740	11,103	26,196	52,251	109,533
Average beginning inventory \$	3,327	5,764	9,768	16,323	29,862	6,231	9,657	15,854	27,859
Average inventory, end of year .. \$	3,545	6,257	10,813	18,491	33,128	6,762	10,592	17,774	31,279
Stock turnover (times per year) ...	1.45	2.06	2.51	3.01	3.48	1.71	2.59	3.11	3.70
PROFIT AND LOSS DATA									
(Per cent of net sales)									
Gross profit	26.45	24.36	24.22	23.94	24.18	26.86	25.79	25.54	24.49
Operating expenses:									
Employees' salaries and wages (except delivery)	2.31	2.83	5.89	6.49	7.42	4.82	6.31	6.53	6.92
Taxes	1.97	.85	.76	.56	.44	.53	.35	.24	.15
Insurance .....	.91	.78	.62	.50	.42	.63	.50	.42	.32
Rent	-	-	-	-	-	3.31	2.34	1.53	1.17
Heat, light and power	1.72	1.28	.83	.63	.41	1.16	.68	.45	.27
Delivery	1.08	.37	.88	.93	1.50	1.08	1.40	1.24	.92
Repairs and maintenance .....	.86	.62	.63	.54	.51	.66	.34	.30	.21
Depreciation allowances .....	.70	.82	.71	.65	.48	.39	.46	.29	.30
Store supplies .....	.62	.45	.40	.38	.34	.67	.37	.36	.37
Advertising .....	.25	.35	.35	.52	.51	.40	.47	.54	.74
Bad debts - written off .....	.16	.08	.13	.16	.18	.14	.13	.19	.25
(Less) amount recovered	-	-	-	-	-	-	-	-	-
Net bad debt loss .....	.16	.08	.13	.16	.18	.14	.13	.19	.25
All other expenses	1.77	1.31	1.45	1.63	1.15	1.58	1.53	1.27	1.30
Total operating expenses	12.35	9.74	12.65	12.99	13.36	15.37	14.88	13.36	12.92
Net trading profit before deduction of proprietors' salaries and income tax	14.10	14.62	11.57	10.95	10.82	11.49	10.91	12.18	11.57

**Table 3.--Hardware Stores - Operating Results of Incorporated Stores Classified According
to Annual Sales Volume and Occupancy Basis, 1948**

Item	OWNED STORES		RENTED STORES		
	\$50,000 to \$99,999	\$100,000 and Over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	9	17	13	28	25
Average net sales per store \$	78,431	229,057	35,575	77,545	195,517
Average cost of goods sold \$	57,319	163,505	26,105	56,993	148,640
Average beginning inventory \$	17,142	50,348	9,135	19,501	42,955
Average inventory, end of year \$	17,449	54,445	10,530	22,059	47,521
Stock turnover (times per year)	3.31	3.12	2.66	2.74	3.29
PROFIT AND LOSS DATA					
(Per cent of net sales)					
Gross profit	26.92	28.62	26.62	26.50	23.97
Operating expenses:					
Employees' salaries and wages					
(except delivery)	12.05	12.99	14.07	13.80	11.69
Taxes .....	.90	.48	.30	.42	.28
Insurance .....	.49	.60	.40	.45	.36
Rent	-	-	2.46	1.76	1.47
Heat, light and power .....	.69	.44	.55	.55	.28
Delivery	2.04	.55	.89	1.27	1.03
Repairs and maintenance .....	.38	.51	.23	.39	.22
Depreciation allowances .....	.70	.66	.18	.28	.29
Store supplies .....	.47	.40	.43	.40	.32
Advertising .....	.59	.90	.81	.83	.83
Bad debts - written off .....	.32	.34	.26	.13	.26
(Less) amount recovered	-	.05	.01	-	-
Net bad debt loss .....	.32	.29	.25	.13	.26
All other expenses	1.75	1.85	1.11	1.62	1.41
Total operating expenses	20.38	19.67	21.68	21.90	18.44
Net trading profit before deduction of income tax	6.54	8.95	4.94	4.60	5.53

Table 4.--Hardware Stores - Owned - Financial Structure of Unincorporated Stores
by Size and Age of Business December 31, 1948

20

Item (★) (Average per store)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and Over	Total all Sizes (over \$20,000)
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	Total	
Assets								
Current assets:								
Cash on hand or in bank	1,658	2,727	2,338	3,487	4,545	4,192	7,605	3,723
Net accounts receivable	1,607	1,604	1,605	3,830	3,542	3,638	15,108	4,082
Merchandise inventory	10,490	10,235	10,328	19,847	18,645	19,046	31,675	16,413
Other current assets	66	650	438	837	1,409	1,235	8,593	1,764
Total current assets	13,821	15,216	14,709	28,051	28,141	28,111	62,981	25,982
Net fixed assets	6,451	5,990	6,157	9,260	10,969	10,400	17,061	9,183
Other assets	751	1,251	1,069	275	748	590	3,618	1,196
Total assets	21,023	22,457	21,935	37,586	39,858	39,101	83,660	36,361
Liabilities and Net Worth:								
Current liabilities	3,899	3,239	3,479	8,435	6,574	7,194	12,347	6,044
Other liabilities	1,770	650	1,037	4,864	1,945	2,919	3,196	2,036
Total liabilities	5,669	3,889	4,536	13,299	8,519	10,113	15,543	8,100
Net Worth	15,354	18,568	17,399	24,287	31,339	28,988	68,117	28,261
Total Liabilities and Net Worth ...	21,023	22,457	21,935	37,586	39,858	39,101	83,660	36,361
Sales	31,428	41,984	38,145	67,108	69,935	68,993	151,432	64,362
Net Profit	3,636	4,857	4,413	7,348	7,658	7,555	16,385	7,137
Ratios:								
Current assets to current liabilities	3.54	4.70	4.23	3.33	4.28	3.91	5.10	4.30
Current assets to fixed assets ..	2.14	2.54	2.39	3.03	2.57	2.70	3.69	2.83
Net quick assets to net worth ...	.65	.65	.65	.81	.69	.72	.74	.71
Liabilities to net worth .....	.37	.21	.26	.55	.27	.35	.23	.29
Sales to net worth	2.05	2.26	2.19	2.76	2.23	2.38	2.22	2.28
Sales to fixed assets	4.87	7.01	6.19	7.25	6.38	6.63	8.88	7.00
Net profit to net worth .....	.24	.26	.25	.30	.24	.26	.24	.25

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

**Table 5.--Hardware Stores - Rented - Financial Structure of Unincorporated Stores
by Size and Age of Business December 31, 1948**

Item (¥) (Average per store)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and Over			Total all Sizes (over \$20,000)
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total	
Assets										
Current assets:										
Cash on hand or in bank ..	2,363	2,270	2,296	2,965	5,499	4,770	10,000	6,966	8,382	4,330
Net accounts receivable ..	1,721	1,079	1,261	2,942	3,857	3,594	10,732	9,923	10,301	3,762
Merchandise inventory	10,034	9,889	9,931	18,253	17,860	17,974	30,677	30,387	30,523	16,687
Other current assets	145	908	691	312	1,105	876	2,408	2,692	2,559	1,093
Total current assets	14,263	14,146	14,179	24,472	28,321	27,214	53,817	49,968	51,765	25,872
Net fixed assets	1,099	1,148	1,134	2,997	2,625	2,732	3,508	2,837	3,150	2,110
Other assets	548	138	255	97	286	231	2,941	2,011	2,445	632
Total assets	15,910	15,432	15,568	27,566	31,232	30,177	60,266	54,816	57,360	28,614
Liabilities and Net Worth:										
Current liabilities	5,400	3,921	4,341	7,797	6,581	6,932	9,029	10,738	9,941	6,335
Other liabilities	329	369	357	1,390	503	758	3,380	1,907	2,594	908
Total liabilities	5,729	4,290	4,698	9,187	7,084	7,690	12,409	12,645	12,535	7,243
Net Worth	10,181	11,142	10,870	18,379	24,148	22,487	47,857	42,171	44,825	21,371
Total Liabilities and Net Worth	15,910	15,432	15,568	27,566	31,232	30,177	60,266	54,816	57,360	28,614
Sales	36,149	34,434	34,921	65,059	72,556	70,397	157,457	134,916	145,435	68,197
Net Profit	3,944	3,757	3,810	7,924	8,837	8,574	18,218	15,610	16,827	7,957
Ratios:										
Current assets to current liabilities	2.64	3.61	3.27	3.14	4.30	3.93	5.96	4.65	5.21	4.08
Current assets to fixed assets	12.98	12.32	12.50	8.17	10.79	9.96	15.34	17.62	16.43	12.26
Net quick assets to net worth .....	.87	.92	.91	.91	.90	.90	.94	.93	.93	.91
Liabilities to net worth ...	.56	.39	.43	.50	.29	.34	.26	.30	.28	.34
Sales to net worth	3.55	3.09	3.21	3.54	3.00	3.13	3.29	3.20	3.24	3.19
Sales to fixed assets	32.89	29.99	30.79	21.71	27.64	25.77	44.89	47.56	46.17	32.32
Net profit to net worth ....	.39	.34	.35	.43	.37	.38	.38	.37	.38	.37

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

Table 6.--Hardware Stores - Financial Structure of Incorporated Stores Classified
According to Size and Occupancy Basis December 31, 1948

20

Item (☞) (Average per store)	OWNED STORES			RENTED STORES			
	\$50,000 to \$99,999	\$100,000 and Over	Total	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total
Assets							
Current assets:							
Cash on hand or in bank	4,707	14,965	11,726	1,710	3,790	8,404	4,798
Net accounts receivable	4,695	21,968	16,513	1,080	5,146	11,414	6,258
Merchandise inventory	17,094	64,615	49,608	10,490	21,337	45,976	26,778
Other current assets	441	12,763	8,872	898	1,282	4,009	2,054
Total current assets	26,937	114,311	86,719	14,178	31,555	69,803	39,888
Net fixed assets	14,461	30,149	25,195	935	3,006	3,825	2,830
Other assets	8,442	6,289	6,968	1,526	2,948	5,195	3,354
Total assets	49,840	150,749	118,882	16,639	37,509	78,823	46,072
Liabilities and Net Worth:							
Current liabilities	6,602	30,694	23,086	4,267	8,748	25,230	12,965
Other liabilities	3,514	16,058	12,096	1,618	1,212	4,146	2,213
Total liabilities	10,116	46,752	35,182	5,885	9,960	29,376	15,178
Net Worth	39,724	103,997	83,700	10,754	27,549	49,447	30,894
Total Liabilities and Net Worth ...	49,840	150,749	118,882	16,639	37,509	78,823	46,072
Sales	80,974	255,546	200,418	34,419	78,004	198,916	106,709
Net Profit	5,296	22,871	17,321	1,700	3,588	11,000	5,511
Ratios:							
Current assets to current liabilities	4.08	3.72	3.76	3.32	3.61	2.77	3.08
Current assets to fixed assets ..	1.86	3.79	3.44	15.17	10.50	18.25	14.09
Net quick assets to net worth ...	.51	.80	.76	.92	.83	.90	.87
Liabilities to net worth .....	.25	.45	.42	.55	.36	.59	.49
Sales to capital	3.31	5.82	5.31	5.46	5.47	9.23	7.18
Sales to fixed assets	5.60	8.48	7.95	36.81	25.95	52.00	37.71
Net profit to net worth .....	.13	.22	.21	.16	.13	.22	.18

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

2. FURNITURE STORES

A total of 137 suitable reports was received from unincorporated furniture stores. When arranged by volume of annual net sales there were too few in the size classes below \$20,000 sales, to warrant publication of results.

Figures on the balance sheet were submitted by 100 firms in the three largest size classes, results for which are shown in both occupancy groups. Operating results and financial structure of furniture stores for 1948 are summarized below:

1. While the gross profit of furniture stores remained unchanged from 1946, at 26.7% of net sales, a greater ratio of operating expenses reduced net profit from 11.5% in 1946 to 9.6% in 1948. An increase in average sales per store, however, resulted in an actually greater dollar net profit in 1948. (Table 7, below).
2. Although gross profits were irregular in trend for the three size ranges, net profits decreased in relation to sales as dollar volume of business increased. The net profit of owned stores decreased from 11.32% of sales in the smallest to 9.41% in the largest sales-size class shown. Rented stores showed a similar decline in net profit from 12.05% to 7.97% of net sales. In general, salaries, advertising and bad debt losses increased as sales expanded while the other expense items decreased. (Table 8, page 25).
3. All size and occupancy classes of furniture stores had favourable ratios of current assets to current liabilities, averaging 2.29 for owned and 2.38 for rented stores. For every dollar of net worth, owned stores produced \$2.29 sales and rented stores \$3.64. In both groups the stores of greater sales volume produced more sales per dollar of net worth than did the smaller stores. The same trend was evidenced in sales to fixed assets ratios. (Table 9, page 26).

Table 7. - Operating Results of Furniture Stores, 1944-1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	120	204	188	137
Average net sales	44,350	54,657	76,944	101,092
Gross profit	29.9	28.0	26.7	26.7
Operating expenses	19.6	17.0	15.2	17.1
Net profit before deduction of proprietors' salaries and income tax	10.3	11.0	11.5	9.6

(Items expressed as percentage of net sales).

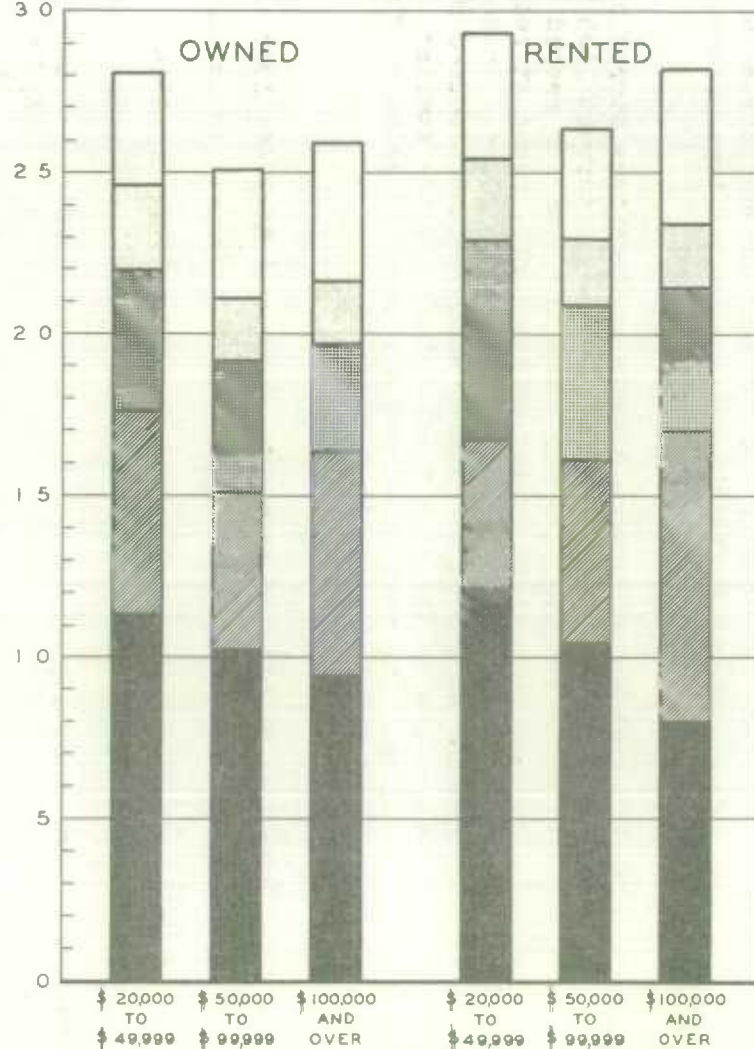
OPERATING RESULTS, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES

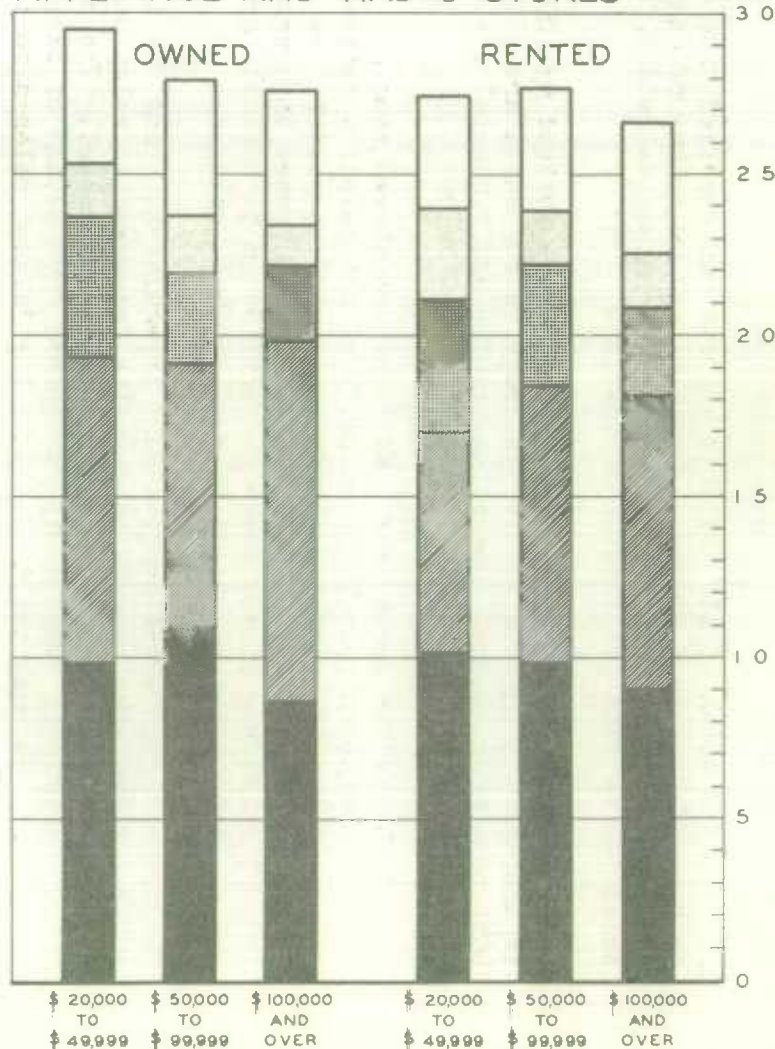
% OF
NET SALES
3 0

FURNITURE STORES



APPLIANCE AND RADIO STORES

% OF
NET SALES
3 0



NET PROFIT SALARIES OCCUPANCY DELIVERY OTHER EXPENSES

**Table 8.--Furniture Stores - Operating Results of Unincorporated Stores Classified
According to Annual Sales Volume and Occupancy Basis, 1948**

Item	OWNED STORES			RENTED STORES		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	20	26	29	15	21	15
Average net sales per store \$	33,593	71,766	199,764	36,892	67,512	225,580
Average cost of goods sold \$	24,148	53,775	147,981	26,072	49,766	161,873
Average beginning inventory \$	10,023	14,968	39,137	9,791	15,062	57,505
Average inventory, end of year .. \$	10,675	17,759	42,151	10,726	15,745	59,208
Stock turnover (times per year) ...	2.33	3.29	3.64	2.54	3.23	2.77
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	28.11	25.07	25.93	29.33	26.29	28.24
Operating expenses:						
Employees' salaries and wages (except delivery)	6.30	4.59	6.85	4.64	5.73	9.00
Taxes .....	.88	1.02	.63	.45	.43	.35
Insurance .....	.84	.65	.59	.50	.55	.54
Rent	-	-	-	3.52	2.31	2.40
Heat, light and power	1.13	.80	.61	1.05	.61	.61
Delivery	2.58	1.87	1.93	2.47	1.96	1.97
Repairs and maintenance .....	.77	.86	.82	.41	.46	.33
Depreciation allowances .....	.81	.79	.74	.24	.43	.22
Store supplies .....	.47	.46	.40	.49	.46	.40
Advertising .....	.81	.91	1.47	1.06	1.11	1.74
Bad debts - written off .....	.41	.45	.54	.44	.20	.24
(Less) amount recovered	-	-	-	-	-	-
Net bad debt loss .....	.41	.45	.54	.44	.20	.24
All other expenses	1.79	2.14	1.94	2.01	1.66	2.47
Total operating expenses	16.79	14.54	16.52	17.28	15.91	20.27
Net trading profit before deduction of proprietors' salaries and income tax	11.32	10.53	9.41	12.05	10.38	7.97

Table 9.--Furniture Stores - Financial Structure of Unincorporated Stores Classified
According to Size and Occupancy Basis December 31, 1948

Item (★) (Average per store)	OWNED STORES				RENTED STORES			
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total
Assets								
Current assets:								
Cash on hand or in bank	4,014	2,013	4,750	3,576	2,467	2,996	4,279	3,254
Net accounts receivable	5,198	9,425	26,373	14,598	4,363	5,885	33,536	14,807
Merchandise inventory	10,932	18,668	45,375	26,529	10,936	15,477	59,887	29,090
Other current assets	8,936	1,457	6,362	5,314	429	389	9,028	3,353
Total current assets	29,080	31,563	82,860	50,017	18,195	24,747	106,730	50,504
Net fixed assets	10,943	18,886	39,805	24,532	1,316	2,339	4,979	2,891
Other assets	1,036	834	5,714	2,709	-	382	4,809	1,763
Total assets	41,059	51,283	128,379	77,258	19,511	27,468	116,518	55,158
Liabilities and Net Worth:								
Current liabilities	9,054	15,594	37,194	21,874	5,151	4,949	52,350	21,204
Other liabilities	1,278	3,755	13,456	6,701	1,108	3,371	4,676	3,043
Total liabilities	10,332	19,349	50,650	28,575	6,259	8,320	57,026	24,247
Net Worth	30,727	31,934	77,729	48,683	13,252	19,148	59,492	30,911
Total Liabilities and Net Worth ...	41,059	51,283	128,379	77,258	19,511	27,468	116,518	55,158
Sales	35,440	73,618	203,278	115,445	37,249	64,542	231,939	112,382
Net Profit	4,012	7,752	19,128	10,980	4,489	6,699	18,486	9,969
Ratios:								
Current assets to current liabilities	3.21	2.02	2.23	2.29	3.53	5.00	2.04	2.38
Current assets to fixed assets ..	2.66	1.67	2.08	2.03	13.82	10.58	21.44	17.47
Net quick assets to net worth ...	.65	.50	.59	.58	.98	1.03	.91	.95
Liabilities to net worth .....	.34	.61	.65	.59	.47	.43	.96	.78
Sales to net worth	1.15	2.31	2.62	2.29	2.81	3.37	3.90	3.64
Sales to fixed assets	3.24	3.90	5.11	4.55	28.30	32.60	46.58	38.87
Net profit to net worth .....	.13	.24	.25	.23	.34	.35	.31	.32

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

3. HOUSEHOLD APPLIANCE AND RADIO STORES

Reports properly completed for Profit and Loss data were received from 91 firms in this classification. When arranged by amount of annual net sales, there were too few reports to allow tabulation for stores with sales of less than \$20,000.

Information on the balance sheet was supplied by 69 of these firms, results for which are given, by type of occupancy, for the three largest sizes of stores. Operating results and the financial structure of unincorporated household appliance and radio stores for 1948 are summarized as follows:

1. From a high of 36.4% of net sales in 1945, the gross profit of appliance and radio stores dropped to 27.4% in 1948. Total operating expenses in 1948 were 17.9% of sales, somewhat below the 1945 level of 23.5%. This high point in 1945 was no doubt the result of keeping up high overhead expenses in a period of low average sales. The lower net profit in 1948, 9.5% of sales, when translated to dollars on the greatly increased dollar volume of sales made in that year, actually represented the highest dollar net profit shown for any year covered by this series. (Table 10, page 28).
2. In 1948, both gross and net profits of unincorporated household appliance and radio stores decreased generally in proportion to sales as the volume of business became greater. The ratios for salaries and advertising increased generally with a greater volume of sales. Occupancy and the other items of expense followed a trend of decreasing ratios with expanding sales volume. The rate of stock turnover increased with size of business and ranged from 3.10 to 5.69 times per year. (Table 11, page 29).

3. At December 31, 1948, appliance and radio merchants who owned their property had \$1.95 current assets against every \$1.00 of current liabilities. Rented businesses showed a better current ratio - 2.45. For every dollar of net worth, proprietor owned establishments had an average of 53¢ as net quick assets or working capital and proprietors of rented businesses had 81¢. The ratio of sales to fixed assets ranged from 3.25 to 7.55 in owned stores. In rented stores, where there was little fixed asset investment, every dollar of such investment produced an average of \$22.79 sales. In both owned and rented categories, the larger sized stores utilized their fixed assets to better advantage in producing sales. (Table 12, page 30).

Table 10. - Operating Results of Household Appliance and Radio Stores, 1944-1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	105	117	134	91
Average net sales \$	17,688	19,764	44,560	80,944
Gross profit	35.2	36.4	29.2	27.4
Operating expenses	23.0	23.5	17.6	17.9
Net profit before deduction of proprietors' salaries and income tax	12.2	12.9	11.6	9.5

(Items expressed as percentage of net sales).

**Table 11.--Household Appliance and Radio Stores - Operating Results of Unincorporated Stores
Classified According to Annual Sales Volume and Occupancy Basis, 1948**

Item	OWNED STORES			RENTED STORES		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	18	12	7	15	15	20
Average net sales per store \$	35,542	70,631	172,482	33,900	67,413	154,532
Average cost of goods sold	25,061	50,956	124,853	24,607	48,766	113,478
Average beginning inventory \$	7,210	11,086	25,330	6,657	10,055	19,590
Average inventory, end of year .. \$	8,954	12,420	27,496	6,084	10,861	20,308
Stock turnover (times per year) ...	3.10	4.34	4.73	3.86	4.66	5.69
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	29.49	27.86	27.61	27.41	27.66	26.57
Operating expenses:						
Employees' salaries and wages (except delivery)	9.51	8.24	11.11	6.76	8.58	9.07
Taxes .....	.65	.48	.33	.36	.26	.10
Insurance .....	.60	.38	.21	.41	.39	.29
Rent	-	-	-	1.96	1.71	1.17
Heat, light and power	1.09	.49	.40	.58	.49	.28
Delivery	1.62	1.80	1.18	2.79	1.56	1.68
Repairs and maintenance .....	.78	.45	.88	.45	.48	.35
Depreciation allowances	1.24	.97	.58	.32	.50	.49
Store supplies .....	.68	.34	.43	.48	.47	.43
Advertising	1.05	1.28	1.61	1.32	1.48	1.58
Bad debts - written off .....	.28	.17	.21	.21	.38	.14
(Less) amount recovered	-	-	-	-	-	-
Net bad debt loss .....	.28	.17	.21	.21	.38	.14
All other expenses	2.18	2.33	1.94	1.53	1.57	1.97
Total operating expenses	19.68	16.93	18.88	17.17	17.87	17.55
Net trading profit before deduction of proprietors' salaries and income tax	9.81	10.93	8.73	10.24	9.79	9.02

Table 12.--Household Appliance and Radio Stores - Financial Structure of Unincorporated Stores
by Size and Occupancy Basis December 31, 1948

(Item (x)) (Average per store)	OWNED STORES				RENTED STORES			
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total
Assets								
Current assets:								
Cash on hand or in bank	2,227	950	2,838	1,945	2,705	1,599	4,475	3,066
Net accounts receivable	3,465	5,204	22,138	7,224	2,760	5,511	15,379	8,317
Merchandise inventory	8,545	11,525	21,447	11,694	6,177	11,037	23,176	14,010
Other current assets	341	874	3,830	1,108	235	782	1,689	945
Total current assets	14,578	18,553	50,307	21,972	11,875	19,029	44,719	26,338
Net fixed assets	10,509	16,596	20,468	14,115	1,958	2,963	5,957	3,759
Other assets	444	-	-	229	153	1,671	204	627
Total assets	25,531	35,149	70,775	36,316	13,986	23,663	50,880	30,724
Liabilities and Net Worth:								
Current liabilities	6,267	10,918	26,714	11,236	3,790	8,510	18,569	10,748
Other liabilities	2,660	6,966	7,638	4,854	386	368	1,138	663
Total liabilities	8,927	17,884	34,352	16,090	4,176	8,878	19,707	11,411
Net Worth	16,604	17,265	36,423	20,226	9,810	14,785	31,173	19,313
Total Liabilities and Net Worth ...	25,531	35,149	70,775	36,316	13,986	23,663	50,880	30,724
Sales	34,150	67,626	154,549	65,297	32,801	66,916	146,461	85,658
Net Profit	3,350	7,385	13,492	6,351	3,359	6,551	13,211	8,011
Ratios:								
Current assets to current liabilities	2.33	1.70	1.88	1.95	3.13	2.24	2.41	2.45
Current assets to fixed assets ..	1.39	1.12	2.46	1.56	6.06	6.42	7.51	7.01
Net quick assets to net worth ...	.50	.44	.65	.53	.82	.71	.84	.81
Liabilities to net worth .....	.54	1.04	.94	.80	.43	.60	.63	.59
Sales to net worth	2.06	3.92	4.24	3.22	3.34	4.53	4.70	4.44
Sales to fixed assets	3.25	4.07	7.55	4.63	16.75	22.58	24.59	22.79
Net profit to net worth20	.43	.37	.31	.34	.44	.42	.41

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

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