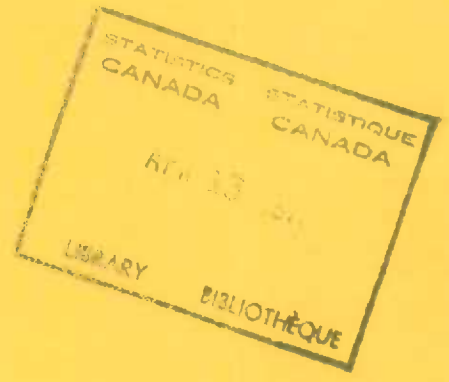


658.87
C16 n
D 1950
No. 1.

63-412
C.3

GOVERNMENT OF CANADA



OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL HARDWARE, FURNITURE, APPLIANCE
AND RADIO STORES
1950



Canada.

DOMINION BUREAU OF STATISTICS — DEPARTMENT OF TRADE AND COMMERCE

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

1950

Published by Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared in the Merchandising and Services Section
Industry and Merchandising Division
Dominion Bureau of Statistics
Ottawa

NOTICE

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

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

Part I — Wholesale Statistics

- A Wholesale Trade, 25¢.
- * B Operating Results of Food Wholesalers, 25¢.
- * C Operating Results of Dry Goods, Piece Goods, and Footwear Wholesalers, 25¢.
- * D Operating Results of Miscellaneous Wholesalers (automotive equipment, drugs, hardware, plumbing and heating equipment), 25¢.

Part II — Retail Statistics

- E General Review, 25¢.
- F Retail Trade, 50¢.
- G Retail Chain Stores, 50¢.
- * H Operating Results of Chain Food Stores, 25¢.
- * I Operating Results of Chain Clothing Stores, 25¢.
- * J Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢.
- K Operating Results of Retail Food Stores, 25¢.
- L Operating Results of Retail Clothing Stores, 25¢.
- M Operating Results of Retail Hardware, Furniture, Appliance, and Radio Stores, 25¢.
- N Operating Results of Filling Stations and Garages, 25¢.
- O Operating Results of Miscellaneous Retail Stores, 25¢.
- P Retail Consumer Credit, 25¢.

Part III — Services and Special Fields

- Q Laundries, Cleaners and Dyers, 25¢.
- R Motion Picture Theatres, Exhibitors, and Distributors, 25¢.
- S Hotels, 25¢.
- T Sales Financing, 25¢.
- U Farm Implement and Equipment Sales, 25¢.
- V New Motor Vehicle Sales and Motor Vehicle Financing, 25¢.

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

- Biennial reports — not issued for 1950.

CONTENTS

	Page
Definitions	M-4
Operating Results and Financial Structure of Retail Hardware, Furniture, Household Appliance and Radio Stores, 1950	
Introduction	M-7
Comparison of Main Items by Trades with Charts	M-8
Summaries, Charts and Tables by Trades:	
Hardware Stores	M-10
Furniture Stores	M-14
Household Appliance and Radio Stores	M-16

DEFINITIONS

Balance Sheet

Assets

Cash on hand — and in the bank represents the amount of cash at the end of the year.

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

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

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

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

Other assets — Investments of a permanent nature not easily converted into cash and intangibles such as goodwill.

Liabilities and Net Worth

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

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

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

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

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

Net worth — is the difference between total assets and total liabilities. This is composed of stock and surplus in the case of incorporated companies and in unincorporated businesses represents the proprietor's or partner's equity including undivided profits.

DEFINITIONS

Profit and Loss

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

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

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

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

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

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

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

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

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

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

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

Advertising

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

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

Net Profit — is the difference between gross margin and total expenses and includes proprietors' salaries and withdrawals before income tax deductions.

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

INTRODUCTION

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

The average results shown are Dominion averages for the various trades. The average gross profit of a trade for instance, must not be interpreted as the gross profit of all commodities handled by that trade because different commodities have widely varying mark-ups. Likewise, the averages are not necessarily correct for local interpretation as the sample was designed to produce national averages.

There is a growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown an interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

Statistics derived from other sources have shown that the mortality rate of business is much higher among new entrants into the field of retailing than among those established for five years or more.

There are many reasons for this, some of them associated with the natural incompetence of the initiate retailer which could not be completely over-

come by means of operating statement analysis. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and of the proper allocation of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail stores, results for which are only shown for unincorporated stores except hardware where incorporated are also shown.

The trades covered are:

1. Hardware
2. Furniture
3. Household Appliance & Radio

There are analyses of:

1. Profit and loss statements
2. Balance sheet summaries

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

Balance sheet data, which was added in 1948, is continued in this 1950 study. This information is presented by size and occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further breakdown has been made be-businesses in operation less than 10 years and those in business 10 years or more. An important change from the 1948 data is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between fixed assets and the sales produced by those assets than was possible when all fixed assets of the proprietor were reported as one item.

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

MERCHANDISING AND SERVICES

Comparison of Main Items by Trades

Gross and Net Profits, 1941-1950

Year	Hardware		Furniture		Household appliance and radio	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
1941	25.7	9.0	1	1	1	1
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
1950	25.8	10.4	27.1	8.7	27.8	10.0

1. Not available.

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

The 1950 gross profits of all three trades were greater in relation to sales than they were in 1948. Unincorporated hardware stores reported the smallest gross profit at 25.8% of net sales, furniture stores 27.1% and household appliance and radio stores showed a gross profit of 27.8% of net sales. Hard-

ware stores and furniture stores experienced a considerable increase in operating expenses during 1950 which offset any gain in gross profit to leave net profits smaller than those obtained in 1948. Appliance and radio stores recorded a slight increase in the ratio of net profit in 1950 compared with 1948.

Inventories and Stock Turnover

Year	Hardware			Furniture			Household appliance and radio		
	Inventories		Stock turn-over ¹	Inventories		Stock turn-over ¹	Inventories		Stock turn-over ¹
	Beginning	Ending		Beginning	Ending		Beginning	Ending	
	\$	\$		\$	\$		\$	\$	
1938	11, 559	11, 401	2. 0	17, 574	18, 304	2. 7	(not available)		
1941	8, 459	9, 224	2. 2	(not available)			(not available)		
1944	8, 354	8, 727	3. 2	10, 600	9, 890	3. 0	3, 538	3, 078	3. 5
1945	8, 126	8, 564	3. 3	9, 292	10, 330	4. 0	3, 083	3, 478	3. 8
1946	8, 520	10, 408	3. 7	10, 849	15, 158	4. 3	3, 743	6, 773	6. 0
1948	13, 246	14, 754	3. 0	22, 621	24, 315	3. 2	12, 013	12, 920	4. 7
1950	15, 293	17, 175	2. 4	20, 974	24, 542	2. 9	10, 845	14, 725	4. 4

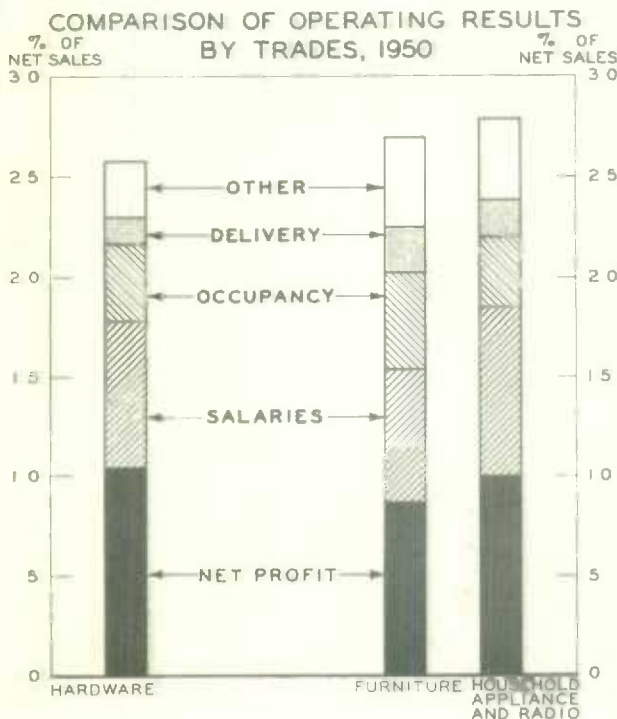
1. Times per year.

Inventories on hand at the end of 1950 for the three trades were greater in dollar volume than inventories at the beginning of the year or the 1948 year-end inventories. This higher dollar volume inventory, together with a smaller average sales per

store, resulted in slower rates of stock turnover in all trades in 1950 compared with 1948. Hardware stores sold and replaced stock 2.4 times a year, furniture 2.9 times and household appliances and radio stores 4.4 times

Average Operating Expenses 1950

Item	Unincorporated			Incorporated		
	Hardware	Furniture	Appliance & Radio	Hardware	Furniture	Appliance & Radio
Items expressed as percentages of net sales						
Salaries.....	7.38	6.69	8.49	14.22	11.91	15.12
Occupancy.....	3.92	4.89	3.56	3.85	4.83	4.16
Delivery.....	1.28	2.30	1.72	1.34	1.91	1.85
Store supplies.....	.43	.40	.45	.49	.46	.56
Advertising.....	.69	1.58	1.57	1.37	2.01	2.27
All other.....	1.68	2.49	2.03	2.11	3.40	2.57
Total.....	15.38	18.35	17.82	23.38	24.52	26.53



Salaries of incorporated firms include all executive salaries. The withdrawals of proprietors of unincorporated businesses are not included in operating expenses. Appliance and radio stores paid a greater share of the sales dollar in salaries than the other two trades. Occupancy expense was quite uniform for the different trades between the two types of organization and ranged from 3.56% of net sales for unincorporated appliance and radio stores to 4.83% for incorporated furniture stores. Furniture stores paid more for delivery than the other trades and hardware stores the least:

Hardware stores showed the best ratio of current assets to current liabilities as well as the smallest ratio of liabilities to net worth. In both the owned and rented class of unincorporated stores, the proprietors of appliance and radio stores utilized their store fixed assets to the best advantage by producing sales of \$5.63 and \$28.93 respectively for each \$1 of such fixed assets. Liabilities of hardware store owners were only 30% and 40% of net worth in the owned and rented stores respectively. This ratio was highest in owned appliance and radio stores where liabilities formed .76% of net worth.

Financial Position at December 31, 1950 of Unincorporated Stores

Ratio	Owned stores			Rented stores		
	Hardware	Furniture	Appliances & Radio	Hardware	Furniture	Appliances & Radio
Current assets to current liabilities.....	4.79	2.57	1.98	4.03	2.41	2.55
Current assets to fixed assets.....	2.46	1.99	1.90	6.94	10.56	7.69
Net quick assets to net worth.....	.72	.64	.55	.90	.92	.84
Sales to fixed assets used in the business.....	5.50	4.32	5.63	23.85	27.53	28.93
Liabilities to net worth.....	.30	.58	.76	.40	.74	.61

Hardware Stores

Reports suitable for tabulation of profit and loss information were received from 574 unincorporated stores and from 108 incorporated firms. These were separated into sales-size groups for both owned and rented stores with incorporated firms falling in sizes of \$20,000 and over annual net sales.

Balance sheet data were secured from 426 unincorporated stores and from 90 incorporated companies. This tabulation was made only for businesses with over \$20,000 annual sales volume.

Some of the more important features on the 1950 operations and on the financial structure of hardware stores at the end of the year are summarized below:

While gross profit ratios were greater in 1950 than in 1948 for both unincorporated and incorporated hardware stores, operating expenses increased to a greater extent to leave smaller net profit percentages.

Salaries and wages paid to employees accounted for 7.38% of the sales of unincorporated stores compared with 6.48% in 1948, and for incorporated stores 14.22% in 1950 compared with 12.61% in 1948.

Salaries, delivery and advertising expenses of unincorporated stores expressed as percentages of net sales, increased with sales volume while other operating expenses generally decreased in ratio to sales.

The rate of stock turnover was more rapid in the larger stores than in the smaller and ranged from 1.57 times a year to 3.09 times.

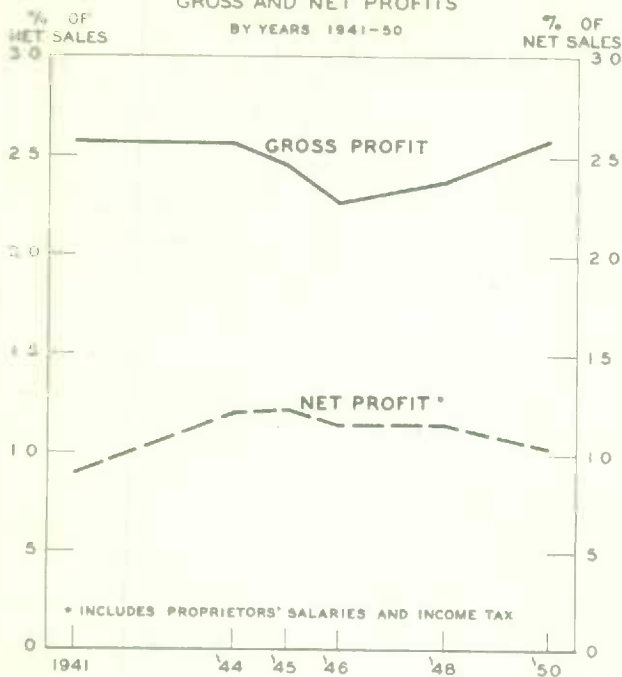
Both unincorporated and incorporated hardware stores showed very favourable ratios of current assets to current liabilities with no section below the ratio of 3 to 1.

Operating Results of Hardware Stores 1948 and 1950 Compared

Item	Unincorporated		Incorporated	
	1948	1950	1948	1950
Number of stores reporting.....	531	574	95	108
Average net sales	\$ 55,200	52,683	129,003	112,917
Profit and Loss Data Percentage of net sales				
Gross Profit.....	24.72	25.82	26.20	27.02
Operating expenses:				
Employees' salaries	6.48	7.38	12.61	14.22
Occupancy	3.19	3.92	3.07	3.85
Delivery	1.11	1.28	.97	1.34
Store supplies .....	.38	.43	.37	.49
Advertising.....	.52	.69	.84	1.37
All other expenses	1.57	1.68	1.84	2.11
Total operating expenses	13.25	15.38	19.70	23.38
Net profit before deduction of income tax ¹	11.47	10.44	6.50	3.64

1. For unincorporated stores this ratio also includes proprietors' salaries.

HARDWARE STORES GROSS AND NET PROFITS BY YEARS 1941-50



Financial Ratios of Hardware Stores as at December 31, 1950

Ratio	Unincorporated		Incorporated	
	Owned	Rented	Owned	Rented
Current assets to current liabilities	4.79	4.03	3.65	3.02
Current assets to fixed assets	2.46	6.94	2.62	12.20
Net quick assets to net worth .....	.72	.90	.78	.90
Sales to fixed assets used in the business	5.50	23.85	7.01	40.79
Liabilities to net worth .....	.30	.40	.56	.54

TABLE 1. Hardware Stores - Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1950

Ratio	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting.....	46	137	71	23	32	107	101	35
Average net sales per store..... \$	15,417	33,649	67,522	137,606	15,018	33,042	68,090	169,022
Average cost of goods sold..... \$	11,623	24,928	50,734	104,867	10,826	24,086	49,545	126,600
Average beginning inventory..... \$	6,912	11,359	18,000	38,327	6,728	11,322	19,197	36,840
Average inventory, end of year..... \$	7,421	12,605	20,156	43,168	7,062	12,236	21,384	45,156
Stock turnover (times per year).....	1.82	2.08	2.66	2.57	1.57	2.04	2.44	3.09
Profit and Loss Data (Per cent of net sales)								
Gross profit.....	24.60	25.92	24.66	23.79	27.91	27.10	27.23	25.10
Operating expenses:								
Employees' salaries and wages (except delivery).....	3.26	6.59	8.97	8.57	5.06	6.84	7.75	8.54
Taxes .....	.98	.90	.71	.62	.63	.41	.29	.17
Insurance .....	.86	.78	.61	.56	.74	.55	.47	.40
Rent.....	—	—	—	—	3.33	2.63	1.82	1.30
Heat, light and power	1.42	.99	.68	.46	1.31	.81	.51	.37
Delivery	1.12	1.11	1.15	1.64	1.11	1.34	1.30	1.32
Repairs and maintenance .....	.70	.55	.53	.52	.32	.31	.33	.21
Depreciation allowances	1.04	1.24	1.09	.79	.56	.52	.59	.42
Store supplies .....	.46	.46	.38	.43	.45	.43	.44	.39
Advertising.....	.28	.48	.60	.54	.33	.49	.79	1.10
Bad debts - written off.....	.14	.15	.26	.19	.05	.12	.28	.28
(Less) amount recovered .....	.01	.03	.03	.04	.02	.01	.04	.03
Net bad debt loss .....	.13	.12	.23	.15	.03	.11	.24	.25
All other expenses	1.25	1.92	1.41	1.33	2.03	1.58	1.42	1.35
Total operating expenses.....	11.59	15.14	14.36	15.61	15.95	15.82	15.95	15.82
Net trading profit before deduction of proprietors' salaries and income tax.....	13.10	10.78	10.50	8.18	11.96	11.28	11.28	9.28

MERCHANDISING AND SERVICES

TABLE 2. Hardware Stores - Operating Results of Incorporated Stores by Sales Volume and Occupancy Basis, 1950

Item	Owned stores with annual net sales of		Rented stores with annual net sales of		
	\$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	11	14	14	24	35
Average net sales per store	\$ 75,449	158,903	35,793	69,895	190,657
Average cost of goods sold	\$ 55,696	114,975	24,675	50,643	140,146
Average beginning inventory	\$ 20,333	42,663	15,464	23,226	45,970
Average inventory, end of year	\$ 20,660	49,011	17,300	25,906	51,992
Stock turnover (times per year)	2.72	2.51	1.51	2.06	2.86
Profit and loss data (Per cent of net sales)					
Gross profit	26.18	27.64	31.06	27.54	26.49
Operating expenses:					
Employees' salaries and wages (except delivery)	14.78	15.29	17.70	15.87	13.14
Taxes .....	.93	.56	.40	.52	.30
Insurance .....	.69	.44	.89	.63	.44
Rent	—	—	4.15	2.26	1.64
Heat, light and power .....	.79	.46	.85	.61	.44
Delivery	1.83	.94	1.23	1.28	1.45
Repairs and maintenance .....	.27	.28	.12	.47	.25
Depreciation allowances	1.31	.85	.36	.49	.61
Store supplies .....	.58	.51	.60	.47	.47
Advertising	1.27	1.18	.97	1.01	1.59
Bad debts - written off .....	.17	.46	.22	.36	.31
(Less) amount recovered .....	.02	.07	.02	.06	.07
Net bad debt loss .....	.15	.39	.20	.30	.24
All other expenses	1.68	1.87	2.41	1.91	1.80
Total operating expenses	24.28	22.77	29.88	25.82	22.37
Net trading profit before deduction of income tax	1.90	4.87	1.18	1.72	4.12

TABLE 3. Hardware Stores - Owned - Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of							Total all sizes (owned)
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over total	
	Under 10 yrs.	10 yrs. & over	Total	Under 10 yrs.	10 yrs. & over	Total		
Assets								
Current assets:								
Cash on hand and in bank.....	1,649	2,034	1,901	3,152	3,837	3,658	3,734	2,660
Accounts and notes receivable (net).....	1,712	2,114	1,976	5,282	5,960	5,783	13,311	4,380
Merchandise inventory.....	12,615	12,210	12,350	19,342	20,326	20,069	43,214	18,038
Other current assets:								
Government bonds and securities	181	1,196	846	255	2,744	2,095	3,575	1,533
Prepaid expenses	29	76	60	22	1,219	907	177	346
Total current assets	16,186	17,630	17,133	28,053	34,086	32,512	64,011	26,867
Fixed assets (net):								
Used in the business	9,158	7,450	8,038	15,236	9,767	11,193	17,204	10,007
Not used in the business	476	784	678	1,439	1,840	1,736	138	965
Total net fixed assets	9,634	8,234	8,716	16,675	11,607	12,929	17,342	10,972
Other assets:								
Investments of a permanent nature	118	319	250	33	432	328	326	283
Other, such as goodwill	87	376	276	548	82	204	213	246
Total other assets	205	695	526	581	514	532	539	529
Total assets	26,025	26,559	26,375	45,309	46,207	45,973	81,892	38,458
Liabilities								
Current liabilities - accounts and notes payable	4,256	3,260	3,603	7,348	7,115	7,175	12,042	5,632
Fixed liabilities - mortgages on fixed assets:								
Used in the business	3,691	948	1,892	2,672	949	1,398	1,374	1,679
Not used in the business	771	197	395	512	459	474	-	379
Other liabilities	882	530	651	3,569	352	1,191	4,162	1,189
Total liabilities	9,600	4,935	6,541	14,101	8,875	10,238	17,578	8,879
Net worth:								
Proprietor's or partner's equity	16,425	21,624	19,834	31,208	37,332	35,735	64,314	29,579
Total liabilities and net worth	26,025	26,559	26,375	45,309	46,207	45,973	81,892	38,458
Number of stores reporting	42	80	122	18	51	69	22	213
Sales per store	34,605	32,613	33,298	64,583	68,344	67,363	136,515	54,994

1. See definitions on page M-5 for more detail.

TABLE 4. Hardware Stores Rented Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950

Item 1 (Average per store)	Stores with annual net sales of									Total all sizes (rented)
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 yrs.	10 yrs. and over	Total	Under 10 yrs.	10 yrs. and over	Total	Under 10 yrs.	10 yrs. and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	1,224	2,231	2,000	3,961	4,266	4,171	8,530	5,776	6,767	3,648
Accounts and notes receivable (net)	1,785	1,501	1,566	4,963	4,165	4,413	10,445	16,987	14,678	4,822
Merchandise inventory	11,702	12,098	12,008	24,190	20,936	21,946	40,130	48,950	45,837	21,467
Other current assets:										
Government bonds and securities	299	1,079	901	1,098	2,370	1,975	588	1,245	1,013	1,358
Prepaid expenses	309	81	133	453	209	285	499	596	562	263
Total current assets	15,319	16,990	16,608	34,665	31,946	32,790	60,242	73,556	68,857	31,558
Fixed assets (net):										
Used in the business	1,945	1,273	1,427	4,184	2,586	3,082	3,237	8,367	6,556	2,922
Not used in the business	47	3,016	2,338	462	1,065	877	188	2,354	1,589	1,622
Total net fixed assets	1,992	4,289	3,765	4,646	3,651	3,959	3,425	10,721	8,145	4,544
Other assets:										
Investments of a permanent nature	—	89	69	95	1,082	775	—	204	132	367
Other, such as goodwill	265	67	112	477	146	249	1,845	849	1,201	342
Total other assets	265	156	181	572	1,228	1,024	1,845	1,053	1,333	709
Total assets	17,576	21,435	20,554	39,883	36,825	37,773	65,512	85,330	78,335	36,811
Liabilities										
Current liabilities — accounts and notes payable	4,390	4,383	4,384	8,909	7,944	8,243	12,812	17,869	16,084	7,828
Fixed liabilities — mortgages on fixed assets:										
Used in the business	150	650	536	—	358	247	24	2,220	1,445	563
Not used in the business	19	602	469	494	—	153	—	473	306	314
Other liabilities	1,517	735	913	2,821	461	1,193	5,141	6,176	5,811	1,809
Total liabilities	6,076	6,370	6,302	12,224	8,763	9,836	17,977	26,738	23,646	10,514
Net worth:										
Proprietor's or partner's equity	11,500	15,065	14,252	27,659	28,062	27,937	47,535	58,592	54,689	26,297
Total liabilities and net worth	17,576	21,435	20,554	39,883	36,825	37,773	65,512	85,330	78,335	36,811
Number of stores reporting	21	71	92	27	60	87	12	22	34	213
Sales per store	33,801	32,087	32,478	70,901	68,345	69,138	162,648	176,668	171,720	69,678

1. See definitions on page M-5 for more detail.

TABLE 5. Hardware Stores — Financial Structure of Incorporated Stores by Size and Occupancy as at December 31, 1950

Item 1 (Average per store)	Owned stores with annual net sales of			Rented stores with annual net sales of			
	\$50,000 to \$99,999	\$100,000 & over	Total	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 & over	Total
Assets							
Current assets:							
Cash on hand and in bank	4,351	5,530	5,121	1,590	1,872	3,974	2,772
Accounts and notes receivable (net)	5,235	12,421	9,933	2,335	5,942	13,876	8,861
Merchandise inventory	19,335	49,395	30,990	17,147	25,655	50,578	35,353
Other current assets:							
Government bonds and securities	842	5,284	3,747	344	456	3,156	1,658
Prepaid expenses	715	1,737	1,383	123	2,137	984	1,237
Total current assets	30,478	74,367	59,174	21,539	36,062	72,568	49,881
Fixed assets (net):							
Used in the business	12,021	25,363	20,744	848	2,312	4,136	2,864
Not used in the business	627	2,497	1,850	—	624	2,207	1,224
Total net fixed assets	12,648	27,860	22,594	848	2,936	6,343	4,088
Other assets:							
Investments of a permanent nature	1,188	141	504	695	333	557	503
Other, such as goodwill	796	4,619	3,296	2,512	943	3,577	2,430
Total other assets	1,984	4,760	3,800	3,207	1,276	4,134	2,933
Total assets	45,110	106,987	85,568	25,594	40,274	83,045	56,902

TABLE 5. Hardware Stores — Financial Structure of Incorporated Stores by Size and Occupancy
as at December 31, 1950 — Concluded

Item 1 (Average per store)	Owned stores with annual net sales of			Rented stores with annual net sales of			
	\$50,000 to \$99,999	\$100,000 & over	Total	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 & over	Total
Liabilities							
Current liabilities — accounts and notes payable	9,170	19,924	16,201	6,050	11,127	25,165	16,536
Fixed liabilities — mortgages on fixed assets:							
Used in the business	4,535	3,856	4,091	—	410	480	365
Not used in the business	—	886	579	—	—	—	—
Other liabilities	2,773	13,540	9,813	3,853	3,301	2,749	3,154
Total liabilities	16,478	38,206	30,684	9,903	14,838	28,394	20,055
Net worth:							
Capital stock	13,560	33,129	26,356	11,546	16,214	26,866	20,166
Surplus and undivided profits	15,072	35,652	28,528	4,145	9,222	27,785	16,681
Total net worth	28,632	68,781	54,884	15,691	25,436	54,651	36,847
Total liabilities and net worth	45,110	106,987	85,568	25,594	40,274	83,045	56,902
Number of stores reporting	9	17	26	12	23	29	64
Average net sales of stores reporting	75,723	182,187	145,334	36,083	70,515	186,946	116,817

1. See definitions on page M-5 for more detail.

Furniture Stores

A total of 165 reports suitable for profit and loss tabulation was received from unincorporated furniture stores. No special canvass of incorporated firms was made but, since the 1948 survey, a number of re-organizations to incorporated companies took place so that some reports from this type were received. This small number did not permit any breakdown by size and the results are not shown in this bulletin.

Balance sheet results shown were obtained from 125 returns in the over \$20,000 class of unincorporated stores.

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

The average gross profit increased from 26.73% of net sales in 1948 to 27.05% in 1950.

Operating expenses were higher in 1950 at 18.35% of net sales and net profit was 8.70% compared with 9.59% in 1948.

Smaller stores reported higher ratios of gross profit than did the larger sales-size categories—the range was from 28.86% of net sales to 25.23%.

The rate of stock turnover was more rapid in the larger stores and ranged from 3.29 times a year to 1.40 times.

The proprietors of both "owned" and "rented" furniture stores had more than \$2.00 current assets to meet every \$1.00 current liabilities at the end of 1950.

Sales of \$4.32 were transacted for every \$1.00 of fixed assets used in the business in the owned class and to the amount of \$27.53 in the rented class.

Financial Ratios of Furniture Stores as at December 31, 1950

Ratio	Owned stores	Rented stores
Current assets to current liabilities	2.57	2.41
Current assets to fixed assets	1.99	10.56
Net quick assets to net worth .....	.64	.92
Sales to fixed assets used in the business	4.32	27.53
Liabilities to net worth .....	.58	.74

**Operating Results of
Furniture Stores
1948 and 1950 compared**

Item	Unincorporated	
	1948	1950
Number of stores reporting	137	165
Average net sales	101,092	91,256
Profit and Loss Data (Percentage of net sales)		
Gross Profit	26.73	27.05
Operating Expenses:		
Employees' salaries	6.79	6.69
Occupancy	4.10	4.89
Delivery	2.00	2.30
Store supplies .....	.42	.40
Advertising	1.36	1.58
All other expenses	2.47	2.49
Total operating expenses	17.14	18.35
Net profit before deduction of proprietors' salaries and income tax..	9.59	8.70

**FURNITURE STORES
GROSS AND NET PROFITS**

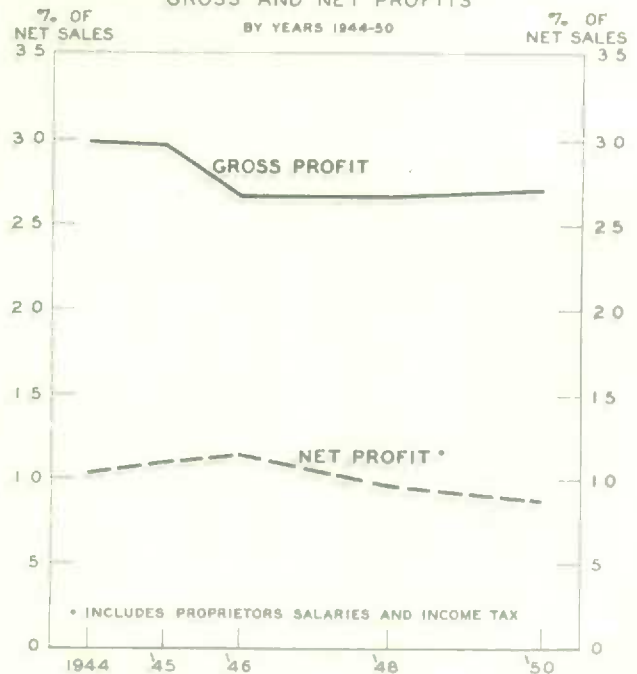


TABLE 8. Household Appliance and Radio Stores - Operating Results by Sales Volume and Occupancy Basis, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	8	22	14	16	9	27	25	21
Average net sales per store	\$ 14,720	33,958	67,429	147,979	14,870	33,646	74,841	203,940
Average cost of goods sold	11,307	23,952	49,251	108,201	9,681	23,917	51,727	149,929
Average beginning inventory	\$ 5,016	7,480	12,705	17,131	3,749	6,305	11,013	20,811
Average inventory, end of year	\$ 5,085	9,497	15,868	27,664	4,798	8,018	13,922	29,230
Stock turnover (times per year)	2.24	2.82	3.45	4.83	2.27	3.34	4.15	5.99
Profit and Loss Data (Per cent of net sales)								
Gross profit	23.19	29.47	26.96	26.88	34.89	28.91	30.88	26.48
Operating expenses:								
Employees' salaries and wages (except delivery)	3.24	7.50	8.09	9.54	8.88	5.76	10.16	8.16
Taxes	1.42	1.09	.60	.42	.39	.27	.25	.15
Insurance .....	.73	.65	.54	.47	.31	.37	.44	.30
Rent	—	—	—	—	3.98	2.27	1.94	1.13
Heat, light and power	2.55	1.02	.64	.65	.96	.66	.48	.23
Delivery	1.85	1.97	1.26	1.73	2.83	1.68	1.84	1.67
Repairs and maintenance	1.58	.86	.48	.23	1.11	.51	.43	.32
Depreciation allowances	2.08	1.65	1.49	1.39	.53	1.12	.77	.37
Store supplies .....	.78	.47	.37	.45	.68	.76	.48	.38
Advertising .....	.71	1.18	1.18	1.82	1.68	1.48	1.82	1.49
Bad debts - written off	—	.16	.12	.09	.43	.15	.24	.24
(Less) amount recovered	—	—	.02	.03	.03	.02	.05	.04
Net bad debt loss	—	.16	.10	.06	.40	.13	.19	.20
All other expenses	1.17	2.15	1.83	1.96	2.98	1.97	2.08	1.63
Total operating expenses	16.11	18.70	16.58	18.72	24.73	16.98	20.88	16.83
Net trading profit before deduction of proprietors' salaries and income tax	7.08	10.77	10.38	8.16	10.16	11.93	10.00	10.45

MERCHANDISING AND SERVICES

TABLE 6. Furniture Stores—Operating Results by Sales Volume and Occupancy Basis, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of		
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	9	24	27	24	19	30	23
Average net sales per store	\$ 15,195	32,820	73,687	167,786	36,668	74,665	221,554
Average cost of goods sold.....	\$ 10,835	23,980	55,096	123,164	26,084	54,220	160,377
Average beginning inventory.....	\$ 6,970	11,021	18,915	33,354	12,245	16,329	44,106
Average inventory, end of year.....	\$ 8,509	11,998	20,695	41,508	12,959	20,568	53,650
Stock turnover (times per year).....	1.40	2.08	2.77	3.29	2.07	2.79	3.28
Profit and Loss Data (Per cent of net sales)							
Gross profit	28.70	26.93	25.23	26.60	28.86	27.38	27.61
Operating expenses:							
Employees' salaries and wages (except delivery)	6.28	5.63	5.90	7.13	5.24	5.81	7.49
Taxes	1.78	1.06	1.00	.80	.56	.39	.32
Insurance	1.39	.75	.66	.65	.64	.62	.52
Rent	—	—	—	—	3.33	2.83	2.70
Heat, light and power.....	1.65	1.18	.96	.81	.83	.69	.47
Delivery	2.29	2.25	2.18	2.36	1.98	1.89	2.50
Repairs and maintenance.....	1.67	.54	.76	.84	.34	.56	.36
Depreciation allowances .....	.72	1.15	1.30	1.08	.39	.59	.53
Store supplies .....	.72	.43	.44	.40	.50	.45	.32
Advertising .....	.30	1.11	1.08	1.94	1.33	1.36	1.74
Bad debts—written off .....	.88	.43	.67	.47	.34	.50	.58
(Less) amount recovered	—	.09	.19	.12	.07	.04	.07
Net bad debt loss .....	.88	.34	.48	.35	.27	.46	.51
All other expenses	1.67	2.16	2.40	2.17	2.45	1.89	1.87
Total operating expenses	19.35	16.60	17.16	18.53	17.86	17.54	19.33
Net trading profit before deduction of proprietors' salaries and income tax.....	9.35	10.33	8.07	8.07	11.00	9.84	8.28

Household Appliance and Radio Stores

Reports properly completed for profit and loss data were received from 146 stores in this classification. These were tabulated by occupancy and sales-size with too few in the class "under \$10,000 annual net sales" to permit publication of results. Balance sheet information was tabulated only for firms with sales of \$20,000 and over. Reports satisfactory for this tabulation were received from 108 stores.

Some of the main features in the 1950 operations of household appliance and radio stores and in their financial position at the end of the year are as follows:

While a slightly higher ratio of gross profit was obtained in 1950 than in 1948, operating expenses did not increase in relationship to sales.

A considerable decrease in the salary ratio from 9.07% to 8.49% of net sales, was mainly responsible for the smaller percentage of operating expenses in 1950.

No consistent trend in gross or net profits over the various size classes was revealed in 1950.

Inventories were greater in dollar volume at the end of the year than at the beginning.

The rate stock turnover increased from 2.24 times a year in the smallest sales-size class to 5.99 times in the largest.

The "current ratio"—current assets to current liabilities—was 1.98 for the owned class and 2.55 for the rented class of household appliance and radio stores at the end of the year.

Financial Ratios of Household Appliance and Radio Stores as at December 31, 1950

Ratio	Owned	Rented
Current assets to current liabilities.....	1.98	2.55
Current assets to fixed assets.....	1.90	7.69
Net quick assets to net worth .....	.55	.84
Sales to fixed assets used in the business	5.63	28.93
Liabilities to net worth .....	.76	.61

**Operating Results of
Household Appliance and Radio Stores
1948 and 1950 Compared**

Item	Unincorporated	
	1948	1950
Number of stores reporting	91	146
Average net sales	\$ 89,944	78,074
Profit and loss data (Percentage of net sales)		
Gross profit	27.35	27.84
Operating expenses:		
Employees' salaries	9.07	8.49
Occupancy	3.08	3.56
Delivery	1.69	1.72
Store supplies .....	.45	.45
Advertising	1.46	1.57
All other expenses	2.11	2.03
Total operating expenses	17.86	17.82
Net profit before deduction of proprietors' salaries and income tax	9.49	10.02

**HOUSEHOLD APPLIANCE AND RADIO STORES
GROSS AND NET PROFITS**

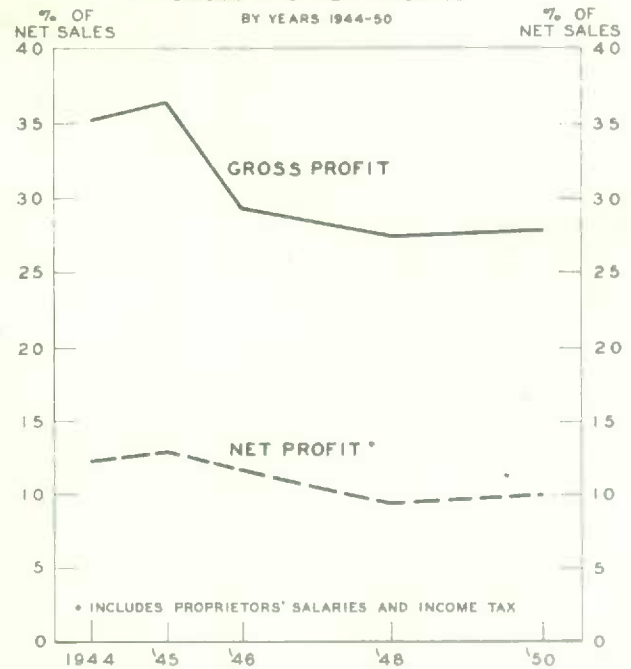


TABLE 7. Furniture Stores -- Financial Structure of Unincorporated Stores by Size and Occupancy Basis December 31, 1950

Item (Average per store)	Owned stores with annual net sales of			Total all sizes (owned)	Rented stores with annual net sales of			Total all sizes (rented)
	\$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	
Assets								
Current assets:								
Cash on hand and in bank	1,829	2,189	2,741	2,248	2,194	3,360	3,477	3,134
Accounts and notes receivable (net)	6,609	14,462	28,496	16,392	5,938	15,758	45,735	22,730
Merchandise inventory	12,864	20,470	46,775	26,521	13,360	21,089	53,390	29,242
Other current assets:								
Government bonds and securities	877	967	9,160	3,631	601	761	7,603	2,819
Prepaid expenses	297	56	1,979	771	56	160	1,211	459
Total current assets	22,476	38,144	89,151	49,563	22,149	41,128	111,416	58,384
Fixed assets (net):								
Used in the business	9,678	18,554	36,562	21,441	1,484	3,278	7,474	4,160
Not used in the business	2,188	696	7,452	3,429	270	2,777	—	1,364
Total net fixed assets	11,866	19,250	44,014	24,870	1,754	6,055	7,474	5,524
Other assets:								
Investments of a permanent nature	943	267	92	441	—	207	197	157
Other, such as goodwill	318	104	579	333	33	322	1,233	536
Total other assets	1,261	371	671	774	33	529	1,430	693
Total assets	35,603	57,765	133,836	75,207	21,936	47,712	120,320	64,601
Liabilities								
Current liabilities—accounts and notes payable	5,974	16,150	36,235	19,276	6,020	15,509	51,074	24,286
Fixed liabilities—mortgages on fixed assets								
Used in the business	1,673	4,522	9,050	5,037	325	177	1,298	554
Not used in the business	668	—	2,340	998	—	261	—	122
Other liabilities	1,166	980	4,545	2,217	1,456	1,479	5,045	2,565
Total liabilities	9,481	21,652	52,170	27,528	7,801	17,426	57,417	27,507
Net worth:								
Proprietor's or partner's equity	26,122	36,113	81,666	47,679	16,135	30,286	62,903	37,094
Total liabilities and net worth	35,603	57,765	133,836	75,207	23,936	47,712	120,320	64,601
Number of stores reporting	26	25	25	76	11	23	15	49
Sales per store	34,101	75,345	170,920	92,674	36,307	73,376	234,948	114,515

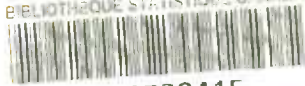
1. See definitions on page M-5 for more detail.

TABLE 9. Household Appliance and Radio Stores - Financial Structure of Unincorporated Stores by Size and Occupancy Basis December 31, 1950

Item ¹ (Average per store)	Owned stores with annual net sales of			Total all sizes (owned)	Rented stores with annual net sales of			Total all sizes (rented)
	\$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	
Assets								
Current assets:								
Cash on hand and in bank.....	1,841	3,660	1,872	2,395	2,816	2,266	6,153	3,662
Accounts and notes receivable (net).....	3,212	6,014	15,007	7,355	2,241	7,853	21,823	10,253
Merchandise inventory.....	9,680	15,456	28,965	16,813	8,100	14,348	29,413	16,869
Other current assets:								
Government bonds and securities	684	1,283	384	780	738	1,043	2,530	1,399
Prepaid expenses.....	2	54	232	82	193	38	396	203
Total current assets	15,419	26,467	46,460	27,425	14,088	25,546	60,315	32,386
Fixed assets (net):								
Used in the business.....	10,430	12,678	19,734	13,709	3,276	2,835	4,179	3,404
Not used in the business	161	1,500	735	724	571	799	1,081	808
Total net fixed assets	10,591	14,178	20,469	14,433	3,847	3,634	5,260	4,212
Other assets:								
Investments of a permanent nature	4	1,370	—	413	250	—	2,090	735
Other, such as goodwill	1,063	2,430	576	1,337	221	233	108	190
Total other assets	1,067	3,800	576	1,750	471	233	2,198	925
Total assets	27,077	44,445	67,505	43,608	18,406	29,415	67,773	37,523
Liabilities								
Current liabilities - accounts and notes payable								
6,371	11,616	27,387	13,829	4,659	10,311	24,270	12,694	
Fixed liabilities - mortgages on fixed assets								
Used in the business	2,383	3,240	5,873	3,618	—	—	206	64
Not used in the business	43	623	586	367	—	250	87	112
Other liabilities	675	617	2,105	1,060	540	822	2,782	1,333
Total liabilities	9,472	16,096	35,951	18,874	5,199	11,383	27,345	14,209
Net worth:								
Proprietor's or partner's equity	17,605	28,349	31,554	24,734	13,207	18,032	40,428	23,314
Total liabilities and net worth.....	27,077	44,445	67,505	43,608	18,406	29,415	67,773	37,523
No. of stores reporting	21	15	14	50	20	20	18	56
Sales per store	34,159	70,054	149,394	77,193	33,840	71,070	200,740	98,474

1. See definitions on page M-5 for more detail.

STATISTICS CANADA LIBRARY
BIBLIOTHEQUE STATISTIQUE CANADA



1010738415