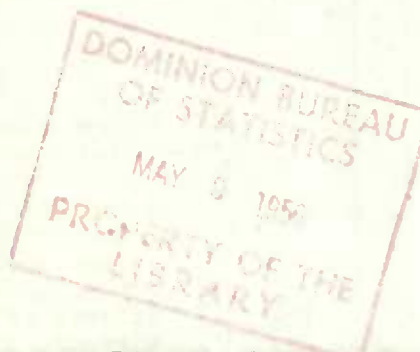




CANADA



OPERATING RESULTS AND FINANCIAL STRUCTURE  
RETAIL HARDWARE, FURNITURE, APPLIANCE  
AND RADIO STORES  
1954

(Independent)

*Published by Authority of*

The Right Honourable C. D. Howe, Minister of Trade and Commerce

**DOMINION BUREAU OF STATISTICS**

Industry and Merchandising Division

Merchandising and Services Section

6505-533-124

Price 25 cents

Vol. 3—Part II—M-1

## NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I**—The Primary Industries, including mining, forestry and fisheries; **Volume II**—Manufacturing; **Volume III**—Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

### 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—1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
  - 2 Operating Results of Drug Wholesalers, 25¢
  - 3 Operating Results of Hardware Wholesalers, 25¢
  - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
  - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

### Part II—Retail Statistics

- E—General Review—(Discontinued)
- F—Retail Trade, 50¢
- G—Retail Chain Stores, 50¢
- \*H—Operating Results of Food Store Chains, 25¢
- \*I—Operating Results of Clothing Store Chains, 25¢
- \*J—1 Operating Results of Variety Store Chains, 25¢
  - 2 Operating Results of Drug Stores Chains, 25¢
  - 3 Operating Results of Furniture Store Chains, 25¢
- K—Operating Results of Independent Food Stores, 25¢
- L—Operating Results of Independent Clothing Stores, 25¢
- M—Operating Results of Independent Hardware, Furniture, Appliance and Radio Stores, 25¢
- N—Operating Results of Filling Stations & Garages, 25¢
- O—1 Operating Results of Independent General Stores, 25¢
  - 2 Operating Results of Independent Restaurants, 25¢
  - 3 Operating Results of Independent Fuel Dealers, 25¢
  - 4 Operating Results of Independent Drug Stores, 25¢
  - 5 Operating Results of Independent Jewellery Stores, 25¢
  - 6 Operating Results of Independent Tobacco Stores, 25¢
- P—Retail Consumer Credit, 25¢

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- S—Hotels, 25¢
- T—Sales Financing, 25¢
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- W—Advertising Agencies (Memorandum), 10¢
- X—Motion Picture Production (Memorandum), 10¢

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

\*Biennial reports—not issued for 1954.

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## DEFINITIONS

### Profit and Loss

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

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

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

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

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

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

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

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

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

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

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

**Depreciation allowances** — provision for decrease in the value of fixed store assets.

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

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

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

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

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

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

## DEFINITIONS

### Balance Sheet

#### Assets

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

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

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

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

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

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

#### Liabilities and Net Worth

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

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

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

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

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

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



## DEFINITIONS

### Profit and Loss Statement Ratios

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

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

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

**Operating Expense Ratios** – Each item of expense, as well as "total operating expenses" when expressed as percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

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

### Balance Sheet Ratios

**Current Ratio** –  $\text{Current Assets} \div \text{Current Liabilities}$  – indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivables) can result in a strong or more favourable ratio.

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

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

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

### Interstatement Ratio

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

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

1954

(Independent)

## INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trades covered here. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard by which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size and kind of business, permit direct analysis of operating results for the year.

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

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation

of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

The following kinds of retail business are presented in this report.

1. Hardware stores
2. Furniture stores
3. Household appliance, radio and television stores

There are analyses of:

1. Profit and loss statements
2. Balance sheet statements

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

Balance sheet data, which was introduced in 1948, is continued in this 1954 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, 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 assets used in the business and sales than was possible when all fixed assets of the proprietor were reported as one item.

## INDEPENDENT HARDWARE STORES

Only retail establishments selling mainly typical hardware lines such as builders' hardware or shelf hardware, carpenters' and mechanics' tools etc. are covered in this report. Other items such as paints, varnishes, household appliances, farm tools, kitchenware, radios and sporting goods are usually included. Certain service operations may be carried but they should not exceed 50% of total net sales.

Unincorporated and incorporated "single establishment" or "independent" firms only are covered. After careful editing, 428 questionnaires were used for the profit and loss tabulations of unincorporated stores (234 for owned and 194 for rented stores). The results of incorporated stores were derived from 133 properly completed questionnaires (56 for owned and 77 for rented stores).

Returns from which balance sheet data were used numbered 345 for unincorporated stores and 124 for incorporated firms. Any change in the actual count from survey to survey may be attributed to changes in store classification, stores going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total hardware store sales. To obtain ratios

for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

The summary chart does not show weighted ratios; for sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

The average gross profit expressed as a percentage of average net sales increased for unincorporated stores from 25.74 per cent for 1952 to 25.83 per cent for 1954. Incorporated stores' average gross profit decreased from 27.18 per cent in 1952 to 26.97 per cent for 1954. The increase in operating expenses was much higher for unincorporated stores than for incorporated firms. The result was a greater decrease in net operating profit than the net operating profit decrease of incorporated stores, (10.80 per cent in 1952 down to 9.00 per cent for 1954; incorporated stores 2.81 per cent for 1952 down to 2.00 per cent for 1954). Delivery and store supplies expenses both showed a decrease from the previous survey. Salaries of management, charged as operating expenses, account for the low net profit ratio of incorporated stores compared to unincorporated firms.

Inventories were at a higher level at the end of the year than at the beginning for both unincorporated and incorporated stores.

The rate of stock turnover generally increased with sales-sizes for owned and rented stores for both forms of organization, ranging from 1.21 to 2.80 times per year.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, charts and tables, will give more detail and information on operating results and financial position of independent hardware stores for 1954.

Operating Results of Independent Hardware Stores 1952 and 1954 compared

Profit and loss data	Unincorporated		Incorporated	
	1952	1954	1952	1954
	(per cent of net sales)			
<b>Gross profit</b> .....	<b>25.74</b>	<b>25.83</b>	<b>27.18</b>	<b>26.97</b>
Operating expenses:				
Employees' salaries.....	6.84	8.09	15.58	15.70
Occupancy.....	4.04	4.52	3.67	4.14
Delivery.....	1.20	1.09	1.28	1.08
Store Supplies.....	0.48	0.46	0.56	0.51
Advertising.....	0.64	0.69	0.95	1.11
All other expenses.....	1.74	1.98	2.33	2.43
<b>Total operating expenses</b> .....	<b>14.94</b>	<b>16.83</b>	<b>24.37</b>	<b>24.97</b>
<b>Net operating profit before deduction of income tax</b> <sup>1</sup> .....	<b>10.80</b>	<b>9.00</b>	<b>2.81</b>	<b>2.00</b>

1. Proprietors' salaries included for unincorporated stores.

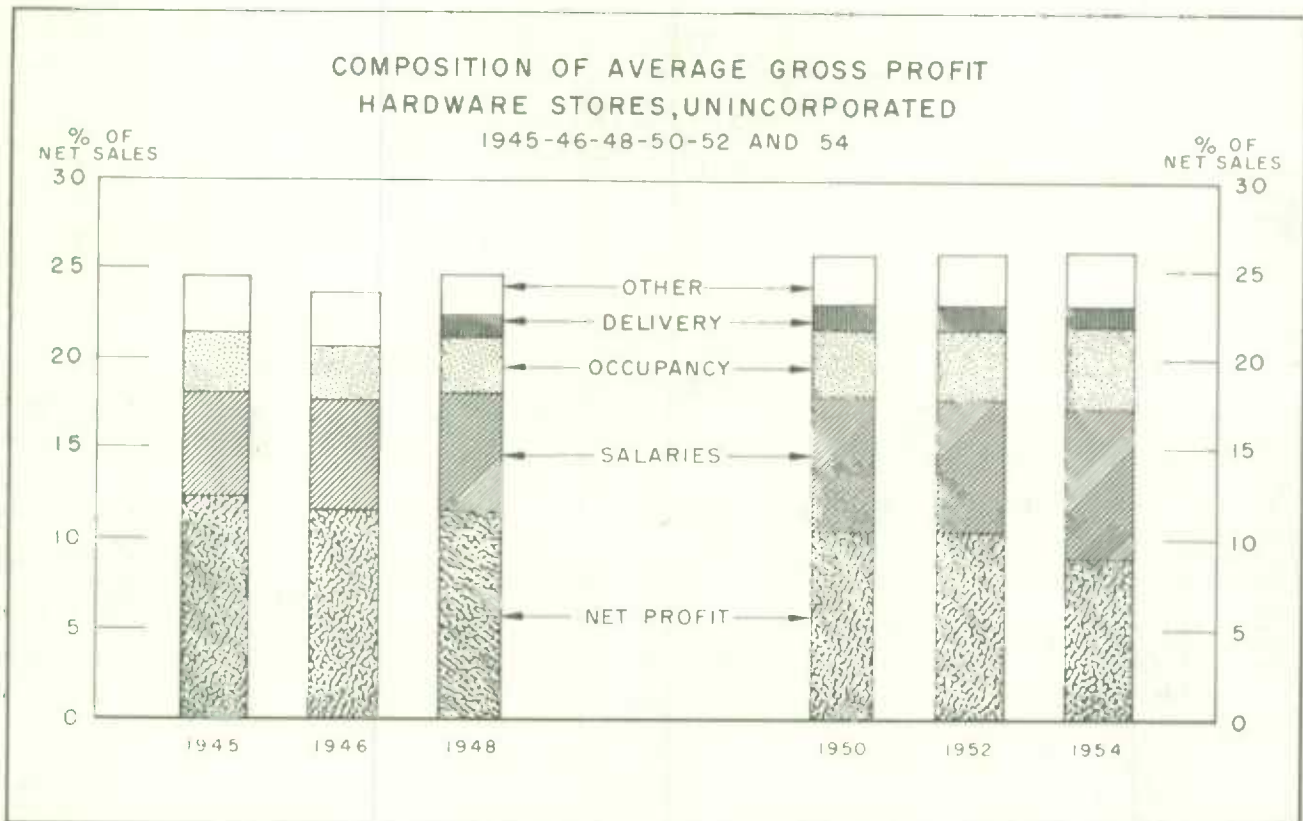
Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

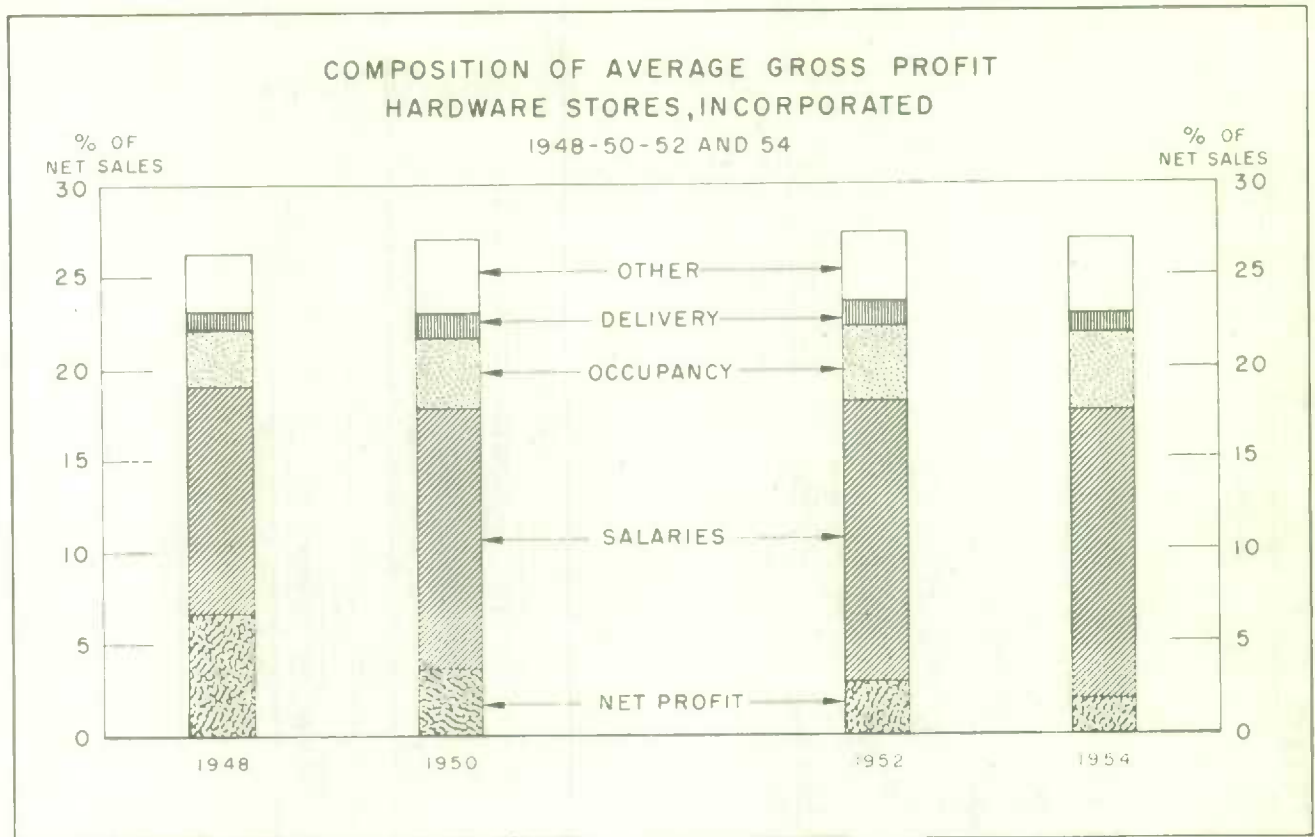


## Financial Ratios of Independent Hardware Stores as at December 31, 1948-50-52-54

Item		Unincorporated		Incorporated	
		Owned	Rented	Owned	Rented
Current ratio.....	1948	4.30	4.08	3.76	3.08
	1950	4.79	4.03	3.65	3.02
	1952	4.65	4.55	3.72	3.68
	1954	4.69	4.32	4.08	3.55
Liquidity ratio .....	1952	1.61	1.55	1.46	1.01
	1954	1.58	1.37	1.52	0.98
Working capital to net worth ratio.....	1948	0.71	0.91	0.76	0.87
	1950	0.72	0.90	0.78	0.90
	1952	0.76	0.87	0.68	0.89
	1954	0.71	0.94	0.78	0.99
Worth debt ratio.....	1948	3.45	2.94	2.38	2.04
	1950	3.33	2.50	1.79	1.85
	1952	3.26	2.95	2.71	2.33
	1954	3.29	2.43	1.99	1.68
Turnover of total capital employed.....	1952	1.48	2.04	1.39	1.96
	1954	1.41	1.82	1.52	1.82

Note: Ratio definitions are shown on page 6.





**TABLE 1. Independent Hardware Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis, 1954**

Item	Owned stores with annual net sales of					Rented stores with annual net sales of			
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over
Number of stores reporting .....	7	45	101	64	17	16	81	65	26
Average net sales per store .....	\$ 6,000	15,561	35,131	66,788	142,882	14,385	33,974	70,628	154,420
Average beginning inventory .....	\$ 3,417	8,559	14,264	19,829	38,620	8,774	13,814	23,675	41,861
Average inventory, end of year .....	\$ 3,367	8,400	14,397	20,548	39,922	8,476	13,662	24,046	42,635
Average cost of goods sold .....	\$ 4,546	11,261	26,069	50,241	108,254	10,473	24,256	50,988	116,169
Stock turnover (times per year) .....	1.34	1.33	1.82	2.49	2.76	1.21	1.77	2.14	2.75
<b>Profit and Loss Data (Per cent of net sales)</b>									
Gross profit .....	24.23	27.63	25.79	24.78	24.23	27.19	28.60	27.81	24.77
Operating expenses:									
Employees' salaries and wages (except delivery) .....	—	3.27	6.77	7.81	10.17	2.85	7.04	9.28	10.39
Delivery .....	0.53	1.03	0.97	1.06	1.02	1.63	1.23	1.29	1.05
Occupancy expenses:									
Taxes .....	1.95	1.63	1.25	0.82	0.72	1.19	0.60	0.30	0.25
Insurance .....	0.95	1.24	0.80	0.75	0.60	0.81	0.71	0.49	0.44
Rent .....	—	—	—	—	—	5.20	3.24	2.27	1.68
Heat, light and power .....	2.18	2.01	1.18	0.80	0.43	1.44	0.91	0.64	0.43
Repairs and maintenance .....	0.08	1.02	0.55	0.49	0.35	0.59	0.35	0.32	0.25
Depreciation allowances .....	0.40	1.11	1.29	1.19	0.63	0.55	0.58	0.49	0.54
<b>Total occupancy expenses .....</b>	<b>5.56</b>	<b>7.01</b>	<b>5.07</b>	<b>4.05</b>	<b>2.73</b>	<b>8.78</b>	<b>6.39</b>	<b>4.51</b>	<b>3.59</b>
Office or store supplies .....	0.38	0.57	0.43	0.42	0.41	0.58	0.56	0.45	0.44
Advertising .....	0.26	0.46	0.55	0.70	0.62	0.36	0.67	0.96	1.07
Net loss on bad debts .....	0.14	0.10	0.18	0.35	0.37	0.17	0.13	0.14	0.30
All other expenses .....	1.31	1.96	1.76	1.91	1.56	1.52	1.84	1.80	1.34
<b>Total operating expenses .....</b>	<b>8.18</b>	<b>14.40</b>	<b>15.73</b>	<b>16.30</b>	<b>16.88</b>	<b>16.89</b>	<b>17.86</b>	<b>18.43</b>	<b>18.18</b>
<b>Net operating profit before deduction of proprietors' salaries and income tax .....</b>	<b>16.05</b>	<b>13.23</b>	<b>10.06</b>	<b>8.48</b>	<b>7.35</b>	<b>10.30</b>	<b>10.74</b>	<b>9.38</b>	<b>6.59</b>

**TABLE 2. Independent Hardware Stores — Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis, 1954**

Item	Owned stores with annual net sales of			Rented stores with annual net sales of		
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting .....	13	20	23	14	27	32
Average net sales per store .....	\$ 38,499	75,442	195,431	35,252	68,885	170,663
Average beginning inventory .....	15,989	24,807	50,615	16,553	27,504	53,485
Average inventory end of year .....	\$ 16,261	25,231	51,476	16,560	28,718	52,899
Average cost of goods sold .....	\$ 28,099	55,045	142,878	24,230	49,346	125,971
Stock turnover (times per year) .....	1.74	2.20	2.80	1.46	1.76	2.37
Profit and Loss Data (Per cent of net sales)						
Gross profit .....	27.01	27.04	26.89	31.27	28.36	26.19
Operating expenses:						
Employees' salaries and wages (except delivery) .....	17.40	17.07	15.78	18.43	14.64	15.21
Delivery .....	1.28	1.01	0.96	1.63	1.48	1.05
Occupancy expenses:						
Taxes .....	0.95	0.85	0.81	0.54	0.54	0.35
Insurance .....	0.87	0.85	0.52	0.63	0.58	0.54
Rent .....	—	—	—	3.57	2.67	2.06
Heat, light and power .....	1.17	0.81	0.56	0.97	0.72	0.58
Repairs and maintenance .....	0.47	0.37	0.35	0.46	0.35	0.34
Depreciation allowances .....	1.27	1.31	1.10	0.71	0.62	0.54
Total occupancy expenses .....	4.73	4.19	3.34	6.88	5.48	4.41
Office or store supplies .....	0.42	0.51	0.49	0.56	0.57	0.51
Advertising .....	0.74	0.76	1.10	1.13	1.15	1.22
Net loss on bad debts .....	0.17	0.21	0.30	0.01	0.36	0.49
All other expenses .....	1.88	2.32	2.08	2.69	2.05	2.04
Total operating expenses .....	26.62	26.07	24.05	31.33	25.73	24.93
Net operating profit before provision for income tax .....	0.39	0.97	2.84	0.06 <sup>1</sup>	2.63	1.26

1. Net operating loss.

**TABLE 3. Independent Hardware Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954**

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000- \$49,999			\$50,000- \$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
	(Average per store)							
Assets								
Current assets:								
Cash on hand and in bank.....	2,838	2,945	2,912	3,242	2,959	3,054	7,767	3,425
Accounts and notes receivable (net) .....	2,230	2,744	2,588	4,912	6,151	5,732	16,879	5,048
Merchandise inventory .....	14,195	14,537	14,434	17,721	22,289	20,742	39,935	19,067
Other current assets .....	963	1,323	1,214	1,154	1,472	1,364	677	1,215
<b>Total current assets .....</b>	<b>20,226</b>	<b>21,549</b>	<b>21,148</b>	<b>27,029</b>	<b>32,871</b>	<b>30,892</b>	<b>65,258</b>	<b>28,755</b>
Fixed assets (net):								
Used in the business .....	7,442	8,029	7,851	16,532	11,152	12,975	12,579	10,087
Not used in the business .....	310	2,507	1,841	1,240	1,212	1,221	322	1,480
<b>Total fixed assets (net) .....</b>	<b>7,752</b>	<b>10,536</b>	<b>9,692</b>	<b>17,772</b>	<b>12,364</b>	<b>14,196</b>	<b>12,901</b>	<b>11,567</b>
Other assets:								
Long term investments .....	14	588	414	190	829	613	1,739	610
Other assets .....	189	244	227	421	863	713	1,912	557
<b>Total other assets .....</b>	<b>203</b>	<b>832</b>	<b>641</b>	<b>611</b>	<b>1,692</b>	<b>1,326</b>	<b>3,651</b>	<b>1,167</b>
<b>Total assets .....</b>	<b>28,181</b>	<b>32,917</b>	<b>31,481</b>	<b>45,412</b>	<b>46,927</b>	<b>46,414</b>	<b>81,810</b>	<b>41,489</b>
Liabilities								
Current liabilities:								
Accounts and notes payable .....	5,065	2,722	3,431	7,263	8,984	8,401	13,551 <sup>1</sup>	6,129
Fixed liabilities:								
Mortgages on fixed assets used in business .....	1,758	1,111	1,307	3,590	2,086	2,595	9,165	2,506
Mortgages on fixed assets not used in business .....	133	427	338	248	24	100	—	223
<b>Total fixed liabilities .....</b>	<b>1,891</b>	<b>1,538</b>	<b>1,645</b>	<b>3,838</b>	<b>2,110</b>	<b>2,695</b>	<b>9,165</b>	<b>2,729</b>
Other liabilities .....	259	707	571	768	637	682	2,734	816
<b>Total liabilities .....</b>	<b>7,215</b>	<b>4,967</b>	<b>5,647</b>	<b>11,869</b>	<b>11,731</b>	<b>11,778</b>	<b>25,450</b>	<b>9,674</b>
Net worth: proprietor's or partners' equity in the business .....	20,966	27,950	25,834	33,543	35,196	34,636	56,360	31,815
<b>Total liabilities and net worth .....</b>	<b>28,181</b>	<b>32,917</b>	<b>31,481</b>	<b>45,412</b>	<b>46,927</b>	<b>46,414</b>	<b>81,810</b>	<b>41,489</b>
Average net sales of stores reporting .....	33,802	35,767	35,172	65,536	67,643	66,930	142,662	56,520
Number of stores reporting .....	30	69	99	21	41	62	17	178



**TABLE 4. Independent Hardware Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954**

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000- \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank .....	1,487	3,168	2,543	2,735	5,775	4,493	6,531	5,675	5,949	3,800
Accounts and notes receivable (net) .....	2,372	2,282	2,316	5,094	4,611	4,814	15,875	17,024	16,656	5,420
Merchandise inventory .....	14,635	13,474	13,906	25,112	22,896	23,831	40,903	43,048	42,362	21,969
Other current assets .....	684	914	828	46	1,736	1,023	124	1,732	1,218	962
<b>Total current assets .....</b>	<b>19,178</b>	<b>19,838</b>	<b>19,593</b>	<b>32,987</b>	<b>35,018</b>	<b>34,161</b>	<b>63,433</b>	<b>67,479</b>	<b>66,185</b>	<b>32,151</b>
Fixed assets (net):										
Used in the business .....	1,741	1,197	1,399	3,806	2,024	2,776	5,683	4,802	5,084	2,478
Not used in the business .....	200	1,471	999	200	1,484	942	738	494	572	913
<b>Total fixed assets (net) .....</b>	<b>1,941</b>	<b>2,668</b>	<b>2,398</b>	<b>4,006</b>	<b>3,508</b>	<b>3,718</b>	<b>6,421</b>	<b>5,296</b>	<b>5,656</b>	<b>3,391</b>
Other assets:										
Long term investments .....	—	274	172	370	581	492	763	4,057	3,003	718
Other assets .....	488	456	468	1,064	571	779	250	3,780	2,650	914
<b>Total other assets .....</b>	<b>488</b>	<b>730</b>	<b>640</b>	<b>1,434</b>	<b>1,152</b>	<b>1,271</b>	<b>1,013</b>	<b>7,837</b>	<b>5,653</b>	<b>1,632</b>
<b>Total assets .....</b>	<b>21,607</b>	<b>23,236</b>	<b>22,631</b>	<b>38,427</b>	<b>39,678</b>	<b>39,150</b>	<b>70,867</b>	<b>80,612</b>	<b>77,494</b>	<b>37,174</b>
Liabilities										
Current liabilities:										
Accounts and notes payable .....	4,760	4,348	4,501	9,170	8,085	8,542	15,531	12,907	13,747	7,434
Fixed liabilities:										
Mortgages on fixed assets used in business .....	1,842	177	797	2,768	804	1,633	1,125	1,843	1,613	1,239
Mortgages on fixed assets not used in business .....	5	135	86	—	—	—	—	—	—	40
<b>Total fixed liabilities .....</b>	<b>1,847</b>	<b>312</b>	<b>883</b>	<b>2,768</b>	<b>804</b>	<b>1,633</b>	<b>1,125</b>	<b>1,843</b>	<b>1,613</b>	<b>1,279</b>
Other liabilities .....	2,250	410	1,094	4,179	1,109	2,404	2,729	5,594	4,677	2,133
<b>Total liabilities .....</b>	<b>8,857</b>	<b>5,070</b>	<b>6,478</b>	<b>16,117</b>	<b>9,998</b>	<b>12,579</b>	<b>19,385</b>	<b>20,344</b>	<b>20,037</b>	<b>10,846</b>
Net worth: proprietor's or partners' equity in the business .....	12,750	18,166	16,153	22,310	29,680	26,571	51,482	60,268	57,457	26,328
<b>Total liabilities and net worth .....</b>	<b>21,607</b>	<b>23,236</b>	<b>22,631</b>	<b>38,427</b>	<b>39,678</b>	<b>39,150</b>	<b>70,867</b>	<b>80,612</b>	<b>77,494</b>	<b>37,174</b>
Average net sales of stores reporting .....	36,056	33,360	34,362	70,781	69,726	70,171	148,314	155,560	153,241	65,881
Number of stores reporting .....	29	49	78	27	37	64	8	17	25	167

**TABLE 5. Independent Hardware Stores — Owned — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954**

Items	Stores with annual net sales of					Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000 - \$99,999			\$100,000 and over	
		Under 10 years	10 years and over	Total		
(Average per store)						
Assets						
Current assets:						
Cash on hand and in bank .....	2,775	2,853	5,823	4,190	6,843	4,991
Accounts and notes receivable (net) .....	1,872	7,610	6,969	7,321	23,943	13,083
Merchandise inventory .....	16,355	22,732	28,097	25,146	51,476	34,239
Other current assets .....	1,454	192	2,082	1,042	3,742	2,261
<b>Total current assets .....</b>	<b>22,456</b>	<b>33,387</b>	<b>42,971</b>	<b>37,699</b>	<b>86,004</b>	<b>54,574</b>
Fixed assets (net):						
Used in the business .....	9,166	10,491	11,418	10,908	31,505	19,141
Not used in the business .....	—	1,950	4,282	3,000	2,471	2,124
<b>Total fixed assets (net) .....</b>	<b>9,166</b>	<b>12,441</b>	<b>15,700</b>	<b>13,908</b>	<b>33,976</b>	<b>21,265</b>
Other assets:						
Long term investments .....	225	—	—	—	245	152
Other assets .....	679	1,823	4,802	3,164	5,382	3,549
<b>Total other assets .....</b>	<b>904</b>	<b>1,823</b>	<b>4,802</b>	<b>3,164</b>	<b>5,627</b>	<b>3,701</b>
<b>Total assets .....</b>	<b>32,526</b>	<b>47,651</b>	<b>63,473</b>	<b>54,771</b>	<b>125,607</b>	<b>79,540</b>
Liabilities						
Current liabilities:						
Accounts and notes payable .....	4,207	11,453	9,318	10,492	20,629	13,360
Fixed liabilities:						
Mortgages on fixed assets used in business .....	1,233	2,521	966	1,822	7,313	3,990
Mortgages on fixed assets not used in business .....	—	—	1,289	580	—	211
<b>Total fixed liabilities .....</b>	<b>1,233</b>	<b>2,521</b>	<b>2,255</b>	<b>2,402</b>	<b>7,313</b>	<b>4,201</b>
Other liabilities .....	5,950	5,625	3,699	4,758	14,362	9,034
<b>Total liabilities .....</b>	<b>11,390</b>	<b>19,599</b>	<b>15,272</b>	<b>17,652</b>	<b>42,304</b>	<b>26,595</b>
Net worth:						
Capital stock .....	19,391	14,874	25,277	19,556	35,701	26,271
Surplus and undivided profits .....	1,745	13,178	22,924	17,563	47,602	26,674
<b>Total net worth .....</b>	<b>21,136</b>	<b>28,052</b>	<b>48,201</b>	<b>37,119</b>	<b>83,303</b>	<b>52,945</b>
<b>Total liabilities and net worth .....</b>	<b>32,526</b>	<b>47,651</b>	<b>63,473</b>	<b>54,771</b>	<b>125,607</b>	<b>79,540</b>
Average net sales of stores reporting .....	37,852	74,531	76,557	75,442	195,431	117,418
Number of stores reporting .....	12	11	9	20	23	55



TABLE 6. Independent Hardware Stores - Rented - Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954

Items	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999	\$50,000 - \$99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank .....	2,055	2,475	1,649	2,047	8,906	5,564	6,877	4,009
Accounts and notes receivable (net) .....	2,281	5,242	5,408	5,328	11,567	14,947	13,619	8,074
Merchandise inventory .....	16,560	26,369	30,900	28,718	51,706	49,271	50,228	34,980
Other current assets .....	86	659	540	598	260	3,847	2,438	1,241
Total current assets .....	20,982	34,745	38,497	36,691	72,439	73,629	73,162	48,304
Fixed assets (net):								
Used in the business .....	2,150	2,687	2,321	2,497	3,924	7,982	6,388	4,005
Not used in the business .....	—	—	694	360	—	44	26	152
Total fixed asset (net) .....	2,150	2,687	3,015	2,857	3,924	8,026	6,414	4,157
Other assets:								
Long term investments .....	71	—	271	141	182	2,683	1,701	760
Other assets .....	1,174	6,093	689	3,290	3,623	2,214	2,767	2,648
Total other assets .....	1,245	6,093	960	3,431	3,805	4,897	4,468	3,408
Total assets .....	24,377	43,525	42,472	42,979	80,168	86,552	84,044	55,869
Liabilities								
Current liabilities:								
Accounts and notes payable .....	5,352	10,055	9,221	9,622	20,899	21,925	21,522	13,585
Fixed liabilities:								
Mortgages on fixed assets used in business .....	360	787	914	853	2,170	1,579	1,811	1,142
Mortgages on fixed asset not used in business .....	572	—	—	—	—	—	—	116
Total fixed liabilities .....	932	787	914	853	2,170	1,579	1,811	1,258
Other liabilities .....	1,610	4,203	4,362	4,286	7,855	11,014	9,773	5,969
Total liabilities .....	7,894	15,045	14,497	14,761	30,924	34,518	33,106	20,812
Net worth:								
Capital stock .....	11,582	19,054	16,647	17,806	35,676	23,235	28,123	20,730
Surplus and undivided profits .....	4,901	9,426	11,328	10,412	13,568	28,799	22,815	14,327
Total net worth .....	16,483	28,480	27,975	28,218	49,244	52,034	50,938	35,057
Total liabilities and net worth .....	24,377	43,525	42,472	42,979	80,168	86,552	84,044	55,869
Average net sales of stores reporting .....	35,252	69,283	68,515	68,885	161,214	168,978	165,928	101,441
Number of stores reporting .....	14	13	14	27	11	17	28	69

## INDEPENDENT FURNITURE STORES

Only retail establishments selling mainly household furniture are covered in this report. Other items sold may include home furnishings, floor coverings, household appliances etc. but furniture should constitute at least 67% of total net sales.

Unincorporated and incorporated "single establishment" or "independent" firms only are covered. After careful editing, 183 questionnaires were used for the profit and loss tabulations of unincorporated stores (108 for owned and 75 for rented stores). The results of incorporated stores were derived from 108 properly completed questionnaires (22 for owned and 86 for rented stores).

Returns for which balance sheet data were used numbered 149 for unincorporated stores and 104 for incorporated firms. Any change in the actual count from survey to survey may be attributed to changes in store classification, stores going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total furniture store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

The summary chart does not show weighted ratios; for sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

The average gross profit expressed as a percentage of average net sales decreased for unincorporated stores from 27.76 per cent in 1952 to 26.88 per cent in 1954. With the exception of delivery expenses all the other operating expenses substantially increased, with a direct effect on the net operating profit. Incorporated store reports were not numerous enough to be effectively shown in 1952. Salaries of management, charged as operating expenses, account for the low net profit ratio of incorporated stores compared to unincorporated firms.

Inventories were at a lower level at the end of the year for both unincorporated and incorporated stores.

The rate of stock turnover generally increased with volume of business for owned and rented unincorporated stores and for both types of organization ranging from 1.51 to 3.86 times per year.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, chart and tables, will give more detail and information on operating results and financial position of independent furniture stores for 1954.

#### Operating Results of Independent Furniture Stores 1952 and 1954 compared

Profit and Loss Data	Unincorporated		Incorporated
	1952	1954	1954
	(per cent of net sales)		
<b>Gross profit</b> .....	<b>27.76</b>	<b>26.88</b>	<b>28.17</b>
Operating expenses:			
Employees' salaries.....	6.49	7.15	13.99
Occupancy .....	5.13	5.27	4.59
Delivery .....	2.82	2.00	1.94
Store supplies.....	0.42	0.46	0.42
Advertising .....	1.29	1.60	2.22
All other expenses.....	2.70	3.24	3.47
<b>Total operating expenses</b> .....	<b>18.85</b>	<b>19.72</b>	<b>26.63</b>
<b>Net operating profit before deduction of income tax<sup>1</sup></b> .....	<b>8.91</b>	<b>7.16</b>	<b>1.54</b>

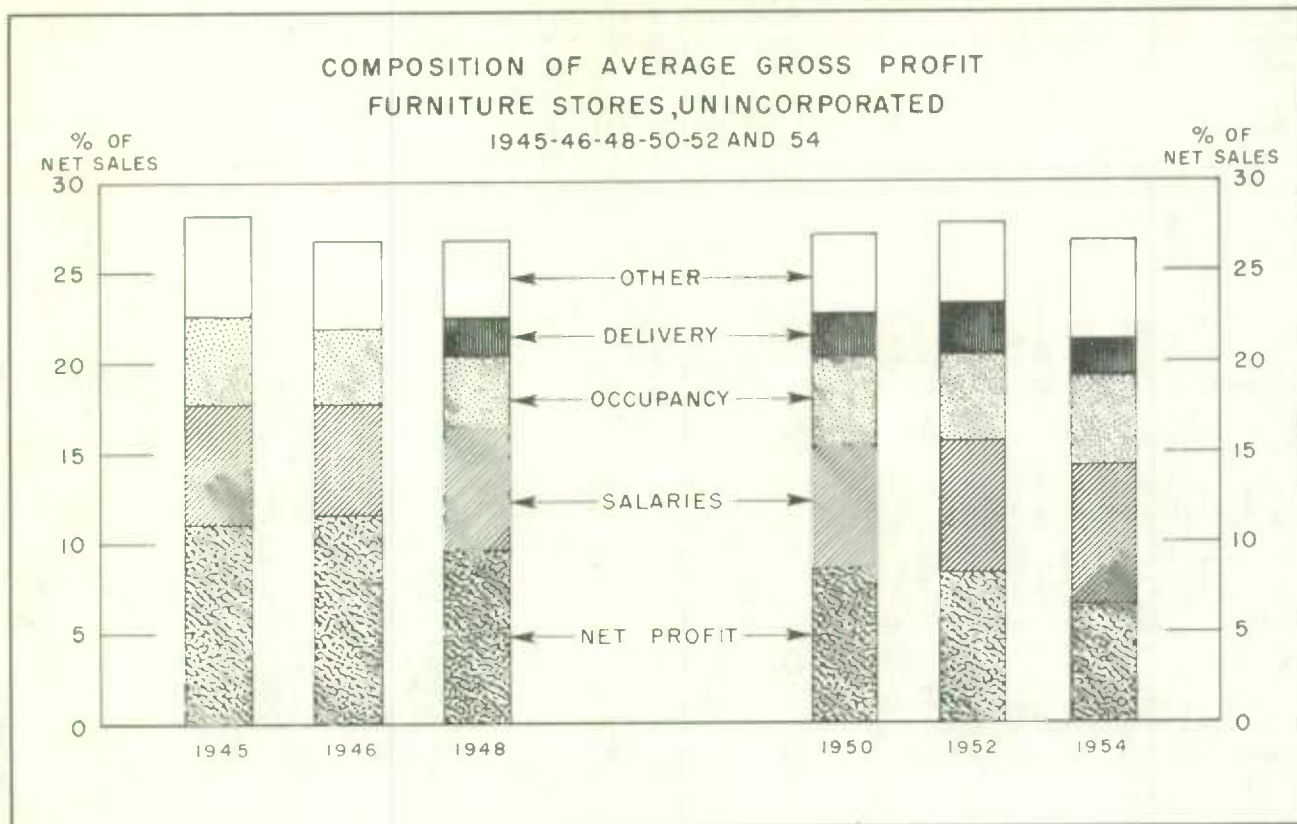
1. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

#### Financial Ratios of Independent Furniture Stores as at December 31, 1948-50-52-54

Item		Unincorporated		Incorporated	
		Owned	Rented	Owned	Rented
Current ratio .....	1948	2.29	2.38	—	—
	1950	2.57	2.41	—	—
	1952	2.87	2.03	—	—
	1954	2.77	2.32	3.22	2.85
Liquidity ratio.....	1952	1.36	1.10	—	—
	1954	1.40	1.34	1.86	1.75
Working capital to net worth ratio .....	1948	0.58	0.95	—	—
	1950	0.64	0.92	—	—
	1952	0.63	0.82	—	—
	1954	0.66	0.88	0.93	0.99
Worth debt ratio.....	1948	1.69	1.28	—	—
	1950	1.72	1.35	—	—
	1952	2.24	1.07	—	—
	1954	1.87	1.19	1.21	1.41
Turnover of total capital employed .....	1952	1.26	1.57	—	—
	1954	1.40	1.60	1.34	1.82

Note: Ratio definitions are shown on page 6.



**TABLE 7. Independent Furniture Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis 1954**

Item	Owned stores with annual net sales of				Rented stores with annual net sales of		
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting .....	16	30	28	32	16	25	29
Average net sales per store..... \$	15,237	33,932	75,853	176,849	32,291	69,556	190,593
Average beginning inventory..... \$	6,555	11,349	21,997	40,193	8,488	19,047	38,793
Average inventory, end of year..... \$	6,645	11,284	20,170	39,654	8,687	17,242	37,601
Average cost of goods sold..... \$	9,952	24,322	55,952	129,922	23,350	51,373	140,275
Stock turnover (times per year).....	1.51	2.15	2.65	3.25	2.72	2.83	3.67
<b>Profit and Loss Data (percent of net sales)</b>							
<b>Gross Profit .....</b>	<b>34.68</b>	<b>28.32</b>	<b>26.23</b>	<b>26.54</b>	<b>27.69</b>	<b>26.14</b>	<b>26.40</b>
Operating expenses:							
Employees' salaries and wages (except delivery) .....	6.60	6.57	5.54	8.37	3.94	6.19	9.60
Delivery .....	2.09	2.47	1.78	2.03	2.02	2.00	1.76
Occupancy expenses:							
Taxes .....	1.74	1.35	1.07	0.78	0.52	0.48	0.39
Insurance .....	1.26	1.07	0.68	0.69	0.83	0.64	0.59
Rent .....	—	—	—	—	5.24	3.44	2.50
Heat, light and power.....	1.85	1.58	0.96	0.74	0.75	0.81	0.58
Repairs and maintenance.....	0.96	0.88	0.55	0.75	0.50	0.43	0.48
Depreciation allowances .....	1.49	1.09	1.03	0.94	0.51	0.58	0.44
<b>Total occupancy expenses .....</b>	<b>7.30</b>	<b>5.97</b>	<b>4.29</b>	<b>3.90</b>	<b>8.35</b>	<b>6.38</b>	<b>4.96</b>
Office or store supplies .....	0.50	0.45	0.42	0.51	0.52	0.59	0.32
Advertising .....	0.71	1.32	1.41	2.07	1.13	1.34	1.78
Net loss on bad debts .....	0.14	0.49	0.44	1.01	0.49	0.64	0.48
All other expenses .....	2.90	2.85	2.74	3.19	1.67	2.18	2.17
<b>Total operating expenses .....</b>	<b>20.24</b>	<b>20.12</b>	<b>16.62</b>	<b>21.08</b>	<b>18.12</b>	<b>19.32</b>	<b>21.09</b>
<b>Net operating profit before deduction of proprietors' salaries and income tax .....</b>	<b>14.44</b>	<b>8.20</b>	<b>9.61</b>	<b>5.46</b>	<b>9.57</b>	<b>6.82</b>	<b>5.31</b>



**TABLE 8. Independent Furniture Stores — Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis, 1954**

Item	Owned stores with annual net sales of \$100,000 and over	Rented stores with annual net sales of	
		\$50,000-\$99,999	\$100,000 and over
Number of stores reporting .....	18	14	66
Average net sales per store.....\$	226,993	71,560	281,688
Average beginning inventory.....\$	54,255	20,008	54,938
Average inventory end of year.....\$	52,092	21,458	51,209
Average cost of goods sold.....\$	160,863	49,660	204,898
Stock turnover (times per year) .....	3.03	2.40	3.86
Profit and Loss Data (per cent of net sales)			
<b>Cross profit</b> .....	<b>29.13</b>	<b>30.60</b>	<b>27.26</b>
Operating expenses:			
Employees' salaries and wages (except delivery).....	16.23	14.95	12.56
Delivery .....	1.85	2.75	1.68
Occupancy expenses:			
Taxes .....	0.62	0.48	0.42
Insurance .....	0.67	0.82	0.51
Rent.....	—	4.20	2.40
Heat, light and power.....	0.56	0.83	0.47
Repairs and maintenance.....	0.50	0.47	0.50
Depreciation allowances .....	1.00	0.91	0.39
<b>Total occupancy expenses</b> .....	<b>3.35</b>	<b>7.71</b>	<b>4.69</b>
Office or store supplies.....	0.44	0.41	0.39
Advertising.....	2.33	1.45	2.34
Net loss on bad debts.....	0.69	0.48	0.92
All other expenses .....	3.40	3.36	2.14
<b>Total operating expenses</b> .....	<b>28.29</b>	<b>31.11</b>	<b>24.72</b>
<b>Net operating profit before provision for income tax</b> .....	<b>0.84</b>	<b>0.51<sup>1</sup></b>	<b>2.54</b>

1. Net operating loss.

**TABLE 9. Independent Furniture Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954**

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
Asset	(average per store)							
Current assets:								
Cash on hand and in bank .....	3,830	1,982	2,480	1,749	7,368	4,960	2,973	3,477
Accounts and notes receivable (net) .....	5,229	5,363	5,327	14,135	13,349	13,686	39,504	20,545
Merchandise inventory .....	10,122	12,054	11,534	16,993	22,553	20,170	40,267	24,858
Other current assets .....	217	621	512	907	358	593	2,537	1,277
Total current assets .....	19,398	20,020	19,853	33,784	43,628	39,409	85,281	50,157
Fixed assets (net):								
Used in the business.....	8,528	9,406	9,169	18,062	13,932	15,702	30,297	19,027
Not used in the business.....	2,523	668	1,168	1,703	972	1,285	5,256	2,697
Total fixed assets (net) .....	11,051	10,074	10,337	19,765	14,904	16,987	35,553	21,724
Other assets:								
Long term investments .....	2,079	3,570	3,169	—	5,191	2,967	972	2,301
Other assets.....	—	—	—	61	1,344	794	146	315
Total other assets.....	2,079	3,570	3,169	61	6,535	3,761	1,118	2,616
Total assets.....	32,528	33,664	33,359	53,610	65,067	60,157	121,952	74,497
Liabilities								
Current liabilities:								
Accounts and notes payable .....	3,265	6,460	5,600	12,707	11,149	11,816	34,223	18,087
Fixed liabilities:								
Mortgages on real estate used in business.....	1,072	1,936	1,703	7,495	2,925	4,884	5,933	4,294
Mortgages on real estate not used in business.....	1,629	141	542	742	—	318	2,381	1,138
Total fixed liabilities .....	2,701	2,077	2,245	8,237	2,925	5,202	8,314	5,432
Other liabilities.....	540	637	611	2,581	63	1,143	5,152	2,442
Total liabilities.....	6,506	9,174	8,456	23,525	14,137	18,161	47,689	25,961
Net worth proprietor's or partners' equity in the business.....	26,022	24,490	24,903	30,085	50,930	41,996	74,263	48,536
Total liabilities and net worth .....	32,528	33,664	33,359	53,610	65,067	60,157	121,952	74,497
Average net sales of stores reporting .....	32,521	34,808	34,192	79,356	73,225	75,853	178,154	100,420
Number of stores reporting.....	7	19	26	12	16	28	31	85



TABLE 10. Independent Furniture Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999	\$50,000 — \$99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank.....	1,118	1,822	1,838	1,830	3,141	9,599	6,618	3,620
Accounts and notes receivable (net).....	6,732	17,680	15,533	16,517	53,317	39,806	46,042	26,371
Merchandise inventory.....	9,171	13,134	20,652	17,206	47,464	29,223	37,642	23,750
Other current assets.....	1,527	422	430	427	1,771	7,009	4,592	2,359
<b>Total current assets.....</b>	<b>18,548</b>	<b>33,058</b>	<b>38,453</b>	<b>35,980</b>	<b>105,693</b>	<b>85,637</b>	<b>94,894</b>	<b>56,100</b>
Fixed assets (net):								
Used in the business.....	2,695	1,942	4,212	2,172	5,638	8,736	7,306	4,727
Not used in the business.....	88	15	4,098	2,227	329	698	528	1,069
<b>Total fixed assets (net).....</b>	<b>2,693</b>	<b>1,957</b>	<b>8,310</b>	<b>5,399</b>	<b>5,967</b>	<b>9,434</b>	<b>7,834</b>	<b>5,796</b>
Other assets:								
Long term investments.....	695	—	101	55	12,337	182	5,792	2,526
Other assets.....	64	45	1,234	689	12,285	51	5,697	2,587
<b>Total other assets.....</b>	<b>759</b>	<b>45</b>	<b>1,335</b>	<b>744</b>	<b>24,622</b>	<b>233</b>	<b>11,489</b>	<b>5,113</b>
<b>Total assets.....</b>	<b>22,000</b>	<b>35,060</b>	<b>48,098</b>	<b>42,123</b>	<b>136,282</b>	<b>95,304</b>	<b>114,217</b>	<b>67,009</b>
Liabilities								
Current liabilities:								
Accounts and notes payable.....	5,398	11,017	15,623	13,512	68,592	23,214	44,158	24,187
Fixed liabilities:								
Mortgages on fixed assets used in business.....	—	634	4,087	2,504	500	1,108	827	1,275
Mortgages on fixed assets not used in business.....	—	—	1,538	833	1,939	2,080	2,015	1,131
<b>Total fixed liabilities.....</b>	<b>—</b>	<b>634</b>	<b>5,625</b>	<b>3,337</b>	<b>2,439</b>	<b>3,188</b>	<b>2,842</b>	<b>2,406</b>
Other liabilities.....	1,795	3,523	2,483	2,960	4,446	7,702	6,199	4,021
<b>Total liabilities.....</b>	<b>7,193</b>	<b>15,174</b>	<b>23,731</b>	<b>19,809</b>	<b>75,477</b>	<b>34,104</b>	<b>53,199</b>	<b>30,614</b>
Net worth proprietor's or partners' equity in the business.....	14,807	19,886	24,367	22,314	60,805	61,200	61,018	36,395
<b>Total liabilities and net worth.....</b>	<b>22,000</b>	<b>35,060</b>	<b>48,098</b>	<b>42,123</b>	<b>136,282</b>	<b>95,304</b>	<b>114,217</b>	<b>67,009</b>
Average net sales of stores reporting.....	33,592	66,857	71,911	69,595	197,871	161,133	178,089	105,795
Number of stores reporting.....	14	11	13	24	12	14	26	64

TABLE 11. Independent Furniture Stores — Owned — Financial Structure of Incorporated Stores by Size and Age of Business

Item	Annual net sales of			Total all sizes \$20,000 and over
	\$100,000 and Over			
	Under 10 years	10 years and over	Total	
Assets	(average per store)			
Current assets:				
Cash on hand and in bank .....	8,809	5,008	6,573	6,410
Accounts and notes receivable (net) .....	42,859	73,794	61,056	52,223
Merchandise inventory .....	46,981	55,684	52,101	46,069
Other current assets .....	1,171	6,571	4,347	4,703
Total current assets .....	99,820	141,057	124,077	109,405
Fixed assets (net):				
Used in the business .....	48,720	30,068	37,748	33,595
Not used in the business .....	4,736	620	2,315	1,874
Total fixed assets (net) .....	53,456	30,688	40,063	35,469
Other assets:				
Long term investments .....	816	424	585	474
Other assets .....	4,363	3,269	3,720	3,417
Total other assets .....	5,179	3,693	4,305	3,891
Total assets .....	158,455	175,438	168,445	148,765
Liabilities				
Current liabilities:				
Accounts and notes payable .....	43,092	34,171	37,844	34,027
Fixed liabilities:				
Mortgages on fixed assets used in business .....	23,269	8,402	14,524	12,201
Mortgages on fixed assets not used in business .....	972	7,650	4,900	3,967
Total fixed liabilities .....	24,241	16,052	19,424	16,168
Other liabilities .....	16,133	24,218	20,889	17,182
Total liabilities .....	83,466	74,441	78,157	67,377
Net worth:				
Capital stock .....	50,200	42,055	45,409	40,107
Surplus and undivided profits .....	24,789	58,942	44,879	41,281
Total net worth .....	74,989	100,997	90,288	81,388
Total liabilities and net worth .....	158,455	175,438	168,445	148,765
Average net sales of stores reporting .....	155,007	269,522	222,368	196,407
Number of stores reporting .....	7	10	17	21

TABLE 12. Independent Furniture Stores - Rented - Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954

Item	Annual net sales of				Total all sizes \$20,000 and over
	\$50,000-\$99,999	\$100,000 and Over			
		Under 10 Years	10 years and over	Total	
	(average per store)				
Assets					
Current assets:					
Cash on hand and in bank .....	881	5,636	9,633	7,793	6,128
Accounts and notes receivable .....	17,913	46,506	95,912	73,170	59,159
Merchandise inventory .....	21,487	36,399	65,524	52,117	43,915
Other current assets .....	777	2,890	8,783	6,070	4,752
Total current assets .....	41,058	91,431	179,852	139,150	113,954
Fixed assets (net):					
Used in the business .....	2,914	4,418	12,426	8,740	7,189
Not used in the business .....	80	338	44	179	175
Total fixed assets (net) .....	2,994	4,756	12,470	8,919	7,364
Other assets:					
Long term investments .....	—	22	3,101	1,684	1,470
Other assets .....	5,834	6,745	4,564	5,568	5,320
Total other assets .....	5,834	6,767	7,665	7,252	6,790
Total assets .....	49,886	102,954	199,987	155,321	128,108
Liabilities					
Current liabilities:					
Accounts and notes payable .....	16,507	41,019	54,709	48,407	40,029
Fixed liabilities:					
Mortgages on fixed assets used in business .....	1,993	263	996	658	900
Mortgages on fixed assets not used in business .....	2,887	—	—	—	487
Total fixed liabilities .....	4,880	263	996	658	1,387
Other liabilities .....	7,565	14,762	12,356	13,464	11,832
Total liabilities .....	28,952	56,044	68,061	62,529	53,248
Net worth:					
Capital stock .....	15,752	29,697	69,940	51,416	42,479
Surplus and undivided profits .....	5,182	17,213	61,986	41,376	32,381
Total net worth .....	20,934	46,910	131,926	92,792	74,860
Total liabilities and net worth .....	49,886	102,954	199,987	155,321	128,108
Average net sales of stores reporting .....	71,560	205,139	357,936	287,601	232,973
Number of stores reporting .....	14	29	34	63	83

## INDEPENDENT HOUSEHOLD APPLIANCE, RADIO AND TELEVISION STORES

Only retail establishments selling mainly household appliances, either gas or electric, radio and television sets are covered in this report. Other items sold may include furniture and home furnishings but these should be sold only in minor quantities.

Unincorporated and incorporated "single establishment" or "independent" firms only are covered. After careful editing, 143 questionnaires were used for the profit and loss tabulations of unincorporated stores (70 for owned and 73 for rented stores). The results of incorporated stores were derived from 63 properly completed questionnaires from rented stores.

Returns for which balance sheet data were used numbered 114 for unincorporated stores and 62 for incorporated firms. Any change in the actual count from survey to survey may be attributed to changes in store classification, stores going out of business,

the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade weights of the 1951 census were used. For example in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total household appliance, radio and television store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

The summary chart does not show weighted ratios; for sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

The average gross profit expressed as a percentage of average net sales decreased in 1954 to 26.07 per cent from 26.72 per cent in 1952. This, coupled with a fair increase in operating expenses helped to produce a sizeable drop in net operating profit for 1954 (6.61 per cent compared with 8.33 per cent in 1952). Too few respondents in 1952 prevented publication of incorporated store data. For the same reason owned store data are not shown for 1954. Salaries of management, charged as operating expenses, account for the low net profit ratio of incorporated stores compared to unincorporated firms.

Unincorporated store inventories at the end of the year were slightly higher than at the beginning. A breakdown for owned stores showed a decrease that was offset by increases in rented stores with the overall result stated previously. Incorporated rented store inventories at the end of the year were at a lower level than at the beginning.

The rate of stock turnover generally increased with sales sizes for both kinds of organization ranging from 1.89 to 6.88 times per year.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, chart and tables, will give more detail and information on operating results and financial position of independent household appliance, radio and television stores for 1954.

#### Operating Results of Independent Household Appliance, Radio and Television Stores 1952 and 1954 Compared

Profit and less data	Unincorporated		Incorporated <sup>1</sup>
	1952	1954	1954
	(per cent of net sales)		
Gross profit .....	26.72	26.07	26.35
Operating expenses:			
Employees' salaries .....	8.51	8.86	13.98
Occupancy .....	3.90	4.18	3.70
Delivery .....	1.95	2.06	1.66
Store supplies .....	0.35	0.53	0.52
Advertising .....	1.54	1.46	2.33
All other expenses .....	2.14	2.37	2.42
Total operating expenses .....	18.39	19.46	24.61
Net operating profit before deduction of income tax <sup>2</sup> .....	8.33	6.61	1.74

1. Covers only rented stores.

2. Proprietors' salaries included for unincorporated stores.

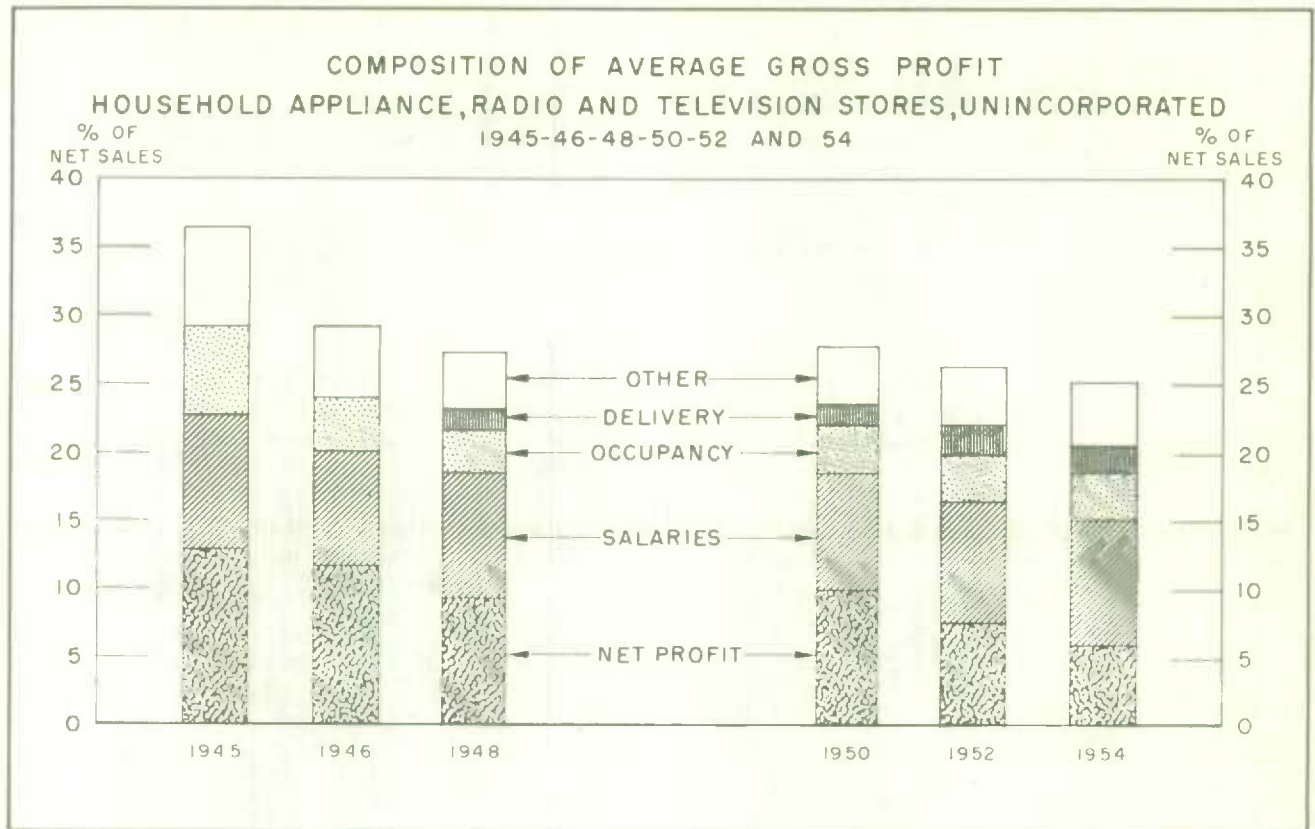
Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

#### Financial Ratios of Independent Household Appliance, Radio and Television Stores as at December 31, 1948-50-52-54

Item		Unincorporated		Incorporated
		Owned	Rented	Rented
Current ratio .....	1948	1.95	2.45	—
	1950	1.98	2.55	—
	1952	2.60	2.01	—
	1954	2.09	2.13	1.91
Liquidity ratio .....	1952	1.25	1.08	—
	1954	1.20	1.12	1.17
Working capital to net worth ratio .....	1948	0.53	0.81	—
	1950	0.55	0.84	—
	1952	0.61	0.87	—
	1954	0.59	0.97	0.88
Worth debt ratio .....	1948	1.25	1.69	—
	1950	1.32	1.64	—
	1952	1.94	1.07	—
	1954	1.26	0.90	0.83
Turnover of total capital employed .....	1952	1.70	2.46	—
	1954	1.90	2.52	2.22

Note: Ratio definitions are shown on page 6.





**TABLE 13. Independent Household Appliance, Radio and Television Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis 1954**

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting .....	16	16	16	19	9	16	22	25
Average net sales per store .....	\$ 15,946	32,341	68,299	188,821	16,867	34,373	72,903	206,737
Average beginning inventory .....	\$ 4,453	10,539	17,570	21,431	6,473	6,287	14,035	27,109
Average inventory, end of year .....	\$ 4,335	8,951	16,112	20,170	6,848	6,705	15,357	30,383
Average cost of goods sold .....	\$ 11,655	24,524	50,380	143,192	12,579	23,815	50,938	158,165
Stock turnover (times per year) .....	2.65	2.52	2.99	6.88	1.89	3.67	3.47	5.50
<b>Profit and Loss Data</b> (Per cent of net sales)								
Gross profit .....	26.91	24.17	26.23	24.17	25.42	30.71	30.13	23.49
Operating expenses:								
Employees' salaries and wages (except delivery) .....	3.58	8.07	10.10	9.42	2.81	9.41	11.11	8.77
Delivery .....	1.80	2.03	1.61	2.14	2.16	2.55	1.90	2.08
Occupancy expenses:								
Taxes .....	1.74	0.81	0.74	0.38	0.28	0.48	0.27	0.20
Insurance .....	0.87	0.71	0.69	0.47	0.53	0.58	0.44	0.30
Rent .....	—	—	—	—	3.83	2.91	2.07	1.41
Heat, light and power .....	1.61	1.52	0.68	0.46	1.16	0.67	0.53	0.31
Repairs and maintenance .....	0.86	0.62	0.63	0.47	0.39	0.54	0.38	0.30
Depreciation allowances .....	1.40	1.04	1.13	0.87	1.94	0.39	0.72	0.38
Total occupancy expenses .....	6.48	4.70	3.87	2.65	8.13	5.57	4.41	2.90
Office or store supplies .....	1.18	0.64	0.44	0.42	0.90	0.70	0.50	0.30
Advertising .....	0.96	0.97	1.35	1.25	0.61	0.76	1.75	2.47
Net loss on bad debts .....	0.11	0.18	0.34	0.34	0.02	0.09	0.16	0.41
All other expenses .....	3.24	2.26	2.10	1.98	2.18	2.82	1.47	1.88
Total operating expenses .....	17.35	18.85	19.81	18.20	16.81	21.90	21.30	18.81
Net operating profit before deduction of proprietors' salaries and income tax .....	9.56	5.32	6.42	5.97	8.61	8.81	8.83	4.68



**TABLE 14. Independent Household Appliance, Radio and Television Stores — Operating Results of Rented Incorporated Stores by Annual Sales Volume, 1954**

Item	Rented stores with annual net sales of	
	\$50,000-\$99,999	\$100,000 and over
Number of stores reporting.....	17	41
Average net sales per store.....	\$ 71,151	292,790
Average beginning inventory.....	\$ 14,981	42,760
Average inventory end of year.....	\$ 13,744	40,869
Average cost of goods sold.....	\$ 51,896	215,066
Stock turnover (times per year).....	3.61	5.16
Profit and Loss Data (per cent of net sales)		
Gross profit.....	27.06	26.24
Operating expenses:		
Employees' salaries and wages (except delivery).....	14.28	13.66
Delivery.....	1.78	1.67
Occupancy expenses:		
Taxes.....	0.22	0.17
Insurance.....	0.46	0.39
Rent.....	3.12	1.43
Heat, light and power.....	0.59	0.33
Repairs and maintenance.....	0.16	0.40
Depreciation allowances.....	0.37	0.46
Total occupancy expenses.....	4.92	3.18
Office or store supplies.....	0.55	0.50
Advertising.....	2.28	2.40
Net loss on bad debts.....	0.54	0.44
All other expenses.....	2.46	1.86
Total operating expenses.....	26.81	23.71
Net operating profit before provision for income tax.....	0.25	2.53

**TABLE 15. Independent Household Appliance, Radio and Television Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954**

Item	Stores with annual net sales of						Total all sizes \$20,000 and over	
	\$20,000-\$49,999			\$50,000-\$99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank .....	1,661	5,761	3,712	2,236	4,225	3,355	3,888	3,665
Accounts and notes receivable (net) .....	3,967	7,309	5,638	8,470	8,865	8,692	28,114	14,970
Merchandise inventory .....	7,717	10,245	8,981	12,949	18,797	16,238	19,460	15,162
Other current assets .....	9	502	255	1,792	860	1,268	3,844	1,010
<b>Total current assets .....</b>	<b>13,354</b>	<b>23,817</b>	<b>18,586</b>	<b>25,447</b>	<b>32,747</b>	<b>29,533</b>	<b>55,306</b>	<b>35,707</b>
Fixed assets (net):								
Used in the business .....	3,929	13,356	8,643	15,402	11,164	13,018	22,599	15,215
Not used in the business .....	2,000	225	1,112	2,717	9,920	6,769	342	2,600
<b>Total fixed assets (net) .....</b>	<b>5,929</b>	<b>13,581</b>	<b>9,755</b>	<b>18,119</b>	<b>21,084</b>	<b>19,787</b>	<b>22,941</b>	<b>17,815</b>
Other assets:								
Long term investments .....	1,935	9,834	5,884	1,016	—	444	—	1,985
Other assets .....	396	—	198	17	—	7	1,861	758
<b>Total other assets .....</b>	<b>2,331</b>	<b>9,834</b>	<b>6,082</b>	<b>1,033</b>	<b>—</b>	<b>451</b>	<b>1,861</b>	<b>2,743</b>
<b>Total assets .....</b>	<b>21,614</b>	<b>47,232</b>	<b>34,423</b>	<b>44,599</b>	<b>53,831</b>	<b>49,791</b>	<b>80,108</b>	<b>56,265</b>
Liabilities								
Current liabilities:								
Accounts and notes payable .....	4,255	4,473	4,364	13,510	14,673	14,164	30,246	17,082
Fixed liabilities:								
Mortgages on fixed assets used in business .....	1,314	1,625	1,469	8,186	2,758	5,133	7,378	4,820
Mortgages on fixed assets not used in business .....	—	—	—	—	2,551	1,435	237	538
<b>Total fixed liabilities .....</b>	<b>1,314</b>	<b>1,625</b>	<b>1,469</b>	<b>8,186</b>	<b>5,309</b>	<b>6,568</b>	<b>7,615</b>	<b>5,358</b>
Other liabilities .....	88	1,702	895	2,348	361	1,231	4,846	2,472
<b>Total liabilities .....</b>	<b>5,657</b>	<b>7,800</b>	<b>6,728</b>	<b>24,044</b>	<b>20,343</b>	<b>21,963</b>	<b>42,707</b>	<b>24,912</b>
Net worth: proprietor's or partners' equity in the business .....	15,957	39,432	27,695	20,555	33,488	27,828	37,401	31,353
<b>Total liabilities and net worth .....</b>	<b>21,614</b>	<b>47,232</b>	<b>34,423</b>	<b>44,599</b>	<b>53,831</b>	<b>49,791</b>	<b>80,108</b>	<b>56,265</b>
Average net sales of stores reporting .....	28,534	36,149	32,341	57,353	77,035	68,424	188,821	101,958
Number of stores reporting .....	8	8	16	7	9	16	19	51

**TABLE 16. Independent Household Appliance, Radio and Television Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954**

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	(average per store)									
Assets										
Current assets:										
Cash on hand and in bank .....	1,366	1,510	1,447	2,903	4,271	3,649	4,665	1,870	3,547	3,049
Accounts and notes receivable (net) .....	2,437	3,445	3,004	6,301	8,077	7,289	26,228	46,082	34,170	16,861
Merchandise inventory .....	5,725	6,770	6,313	15,450	15,279	15,357	33,716	25,385	30,383	19,023
Other current assets .....	714	174	410	23	2,735	1,502	1,740	1,710	1,728	1,315
<b>Total current assets .....</b>	<b>10,242</b>	<b>11,899</b>	<b>11,174</b>	<b>24,677</b>	<b>20,362</b>	<b>27,777</b>	<b>66,349</b>	<b>75,047</b>	<b>69,828</b>	<b>40,248</b>
Fixed assets (net):										
Used in the business .....	2,894	1,622	2,178	3,591	2,308	2,891	11,291	4,481	8,567	4,963
Not used in the business .....	2,693	—	1,178	—	—	—	110	—	66	325
<b>Total fixed assets (net) .....</b>	<b>5,587</b>	<b>1,622</b>	<b>3,356</b>	<b>3,591</b>	<b>2,308</b>	<b>2,891</b>	<b>11,401</b>	<b>4,481</b>	<b>8,633</b>	<b>5,288</b>
Other assets:										
Long term investments .....	201	—	88	—	42	23	2,591	—	1,555	647
Other assets .....	—	3	2	226	292	262	594	169	424	280
<b>Total other assets .....</b>	<b>201</b>	<b>3</b>	<b>90</b>	<b>226</b>	<b>334</b>	<b>285</b>	<b>3,185</b>	<b>169</b>	<b>1,979</b>	<b>907</b>
<b>Total assets .....</b>	<b>16,030</b>	<b>13,524</b>	<b>14,620</b>	<b>28,494</b>	<b>33,004</b>	<b>30,953</b>	<b>80,935</b>	<b>79,697</b>	<b>80,440</b>	<b>46,443</b>
Liabilities										
Current liabilities:										
Accounts and notes payable .....	5,982	5,764	5,859	8,094	9,566	8,897	40,096	29,880	36,009	18,885
Fixed liabilities:										
Mortgages on fixed assets used in business .....	—	—	—	—	496	270	2,837	1,737	2,397	1,046
Mortgages on fixed assets not used in business .....	200	—	88	—	—	—	—	600	240	117
<b>Total fixed liabilities .....</b>	<b>200</b>	<b>—</b>	<b>88</b>	<b>—</b>	<b>496</b>	<b>270</b>	<b>2,837</b>	<b>2,337</b>	<b>2,637</b>	<b>1,163</b>
Other liabilities .....	143	587	393	2,732	2,250	2,469	6,909	11,517	8,752	4,435
<b>Total liabilities .....</b>	<b>6,325</b>	<b>6,351</b>	<b>6,340</b>	<b>10,826</b>	<b>12,312</b>	<b>11,636</b>	<b>49,842</b>	<b>43,734</b>	<b>47,398</b>	<b>24,483</b>
Net worth: proprietor's or partners' equity in the business .....	9,705	7,173	8,280	17,668	20,692	19,317	31,093	35,963	33,042	21,960
<b>Total liabilities and net worth .....</b>	<b>16,030</b>	<b>13,524</b>	<b>14,620</b>	<b>28,494</b>	<b>33,004</b>	<b>30,953</b>	<b>80,935</b>	<b>79,697</b>	<b>80,440</b>	<b>46,443</b>
Average net sales of stores reporting .....	32,750	35,636	34,373	71,342	74,204	72,903	211,533	199,544	206,737	116,226
Number of stores reporting .....	7	9	16	10	12	22	15	10	25	63

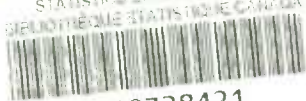
**TABLE 17. Independent Household Appliance, Radio and Television Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954**

Item	Stores with annual net sales of				Total all sizes \$20,000 and over
	\$50,000- \$99,999	\$100,000 and over			
		Under 10 years	10 years and over	Total	
(average per store)					
Assets					
Current assets:					
Cash on hand and in bank.....	2,003	4,300	11,133	6,179	4,655
Accounts and notes receivable (net).....	9,980	69,326	45,684	62,824	43,553
Merchandise inventory.....	13,744	36,823	53,417	41,387	31,242
Other current assets .....	938	2,078	516	1,648	1,386
<b>Total current assets .....</b>	<b>26,665</b>	<b>112,527</b>	<b>110,750</b>	<b>112,038</b>	<b>80,836</b>
Fixed assets (net):					
Used in the business.....	2,808	8,538	7,344	8,210	6,191
Not used in the business .....	198	786	139	608	447
<b>Total fixed assets (net) .....</b>	<b>3,006</b>	<b>9,324</b>	<b>7,483</b>	<b>8,818</b>	<b>6,638</b>
Other assets:					
Long term investments .....	78	3,143	548	2,429	1,589
Other assets .....	3,218	11,815	4,372	9,768	7,333
<b>Total other assets .....</b>	<b>3,296</b>	<b>14,958</b>	<b>4,920</b>	<b>12,197</b>	<b>8,922</b>
<b>Total assets .....</b>	<b>32,967</b>	<b>136,809</b>	<b>123,153</b>	<b>133,053</b>	<b>96,396</b>

**TABLE 17. Independent Household Appliance, Radio and Television Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954 — Concluded**

Item	Stores with annual net sales of				Total all sizes \$20,000 and over
	\$50,000- \$99,999	\$100,000 and over			
		Under 10 years	10 years and over	Total	
	(average per store)				
Liabilities					
Current liabilities:					
Accounts and notes payable .....	14,687	64,485	43,778	58,791	42,241
Fixed liabilities:					
Mortgages on fixed assets used in business.....	594	432	364	413	473
Mortgages on fixed assets not used in business .....	132	—	—	—	36
Total fixed liabilities.....	726	432	364	413	509
Other liabilities.....	1,978	10,782	23,766	14,352	9,870
Total liabilities.....	17,391	75,699	67,908	73,556	52,620
Net worth:					
Capital stock .....	14,306	24,181	24,775	24,344	20,943
Surplus and undivided profits .....	1,270	36,929	30,470	35,153	22,833
Total net worth .....	15,576	61,110	55,245	59,497	43,776
Total liabilities and net worth .....	32,967	136,809	123,153	133,053	96,396
Average net sales of stores reporting .....	71,151	294,392	299,342	295,753	213,229
Number of stores reporting.....	17	29	11	40	62

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