

				<i>Gross Capital.</i>		
Company.				1914.	1918.	1919.
				£	£	£
A	...	...	...	41,551	62,138	57,406
B	...	...	...	17,912	13,374	18,877
C	...	...	...	119,870	115,523	111,804
D	...	...	...	50,725	82,918	90,616
E	...	...	...	67,575	86,120	90,784
F	...	...	...	45,464	55,445	65,445
G	...	...	...	307,685	438,327	505,953
H	...	...	...	696,321	886,200	1,091,938
I	...	...	...	188,704	187,043	201,699
Totals				<u>£1,535,807</u>	<u>£1,927,088</u>	<u>£2,234,522</u>

It may be explained that the gross capital has been arrived at upon recognized principles by deducting from the total of the assets of the company (1) investments outside the business, and (2) the amount of Sundry Creditors' Account—sundry *debtors*, of course, being allowed to rank as an asset. For profit-ratio purposes the net profits have been increased by the amount of interest paid on the loans (both fixed and fluctuating), which have been allowed to rank as capital employed in the business.

It should also be mentioned that the gross capital has been based upon book values, which in many cases are below actual present-day values. To that extent and for that reason the gross capital shown in the above statement is not necessarily the actual capital employed. In 1914 the capital *paid in* to the nine companies reviewed amounted to £1,171,590, and in 1919 to £1,373,460, showing an increase of £201,870. The gross capital increased from £1,535,807 to £2,234,522, an increase of £698,715. The reserves advanced from £158,795 to £407,167, an increase of £248,372 in five years.

The following table shows for each company and for each of the years 1914, 1918, and 1919 (1) the sales, (2) gross profit, and (3) percentage of gross profit on sales:—

Company.			Year.	Sales.	Gross Profit.	Percentage.
				£	£	
A	..	..	1914	144,413	29,281	20·1
			1918	289,912	60,452	20·8
			1919	298,386	59,911	20·3
B	..	..	1914	76,080	21,723	28·5
			1918	159,285	56,185	35·2
			1919	152,064	52,561	34·5
C	..	..	1914	47,933	11,538	24·1
			1918	122,091	38,746	31·7
			1919	132,314	46,325	35·0
D	..	..	1914	43,272	9,724	22·5
			1918	103,074	23,383	22·7
			1919	111,423	31,463	28·2
E	..	..	1914	38,005	6,949	18·3
			1918	86,298	25,313	29·3
			1919	80,987	24,097	29·7
F	..	..	1914	26,265	5,457	20·8
			1918	51,610	14,329	27·7
			1919	62,291	17,885	28·7
G	..	..	1914	9,934	931	9·4
			1918	17,420	5,337	30·6
			1919	21,159	6,666	31·5
H	..	..	1914	239,725	64,182	26·8
			1918	449,578	122,828	27·3
			1919	449,509	114,487	25·5
I	..	..	1914	943,863	155,845	16·5
			1918	1,748,010	396,154	22·7
			1919	1,720,613	375,666	21·8

This table shows that a very substantial increase in sales has taken place since 1914. The total sales in that year were £1,569,490, as against £3,027,278 in 1918 and £3,028,746 in 1919. The increase for 1919 over 1914 was £1,459,256. It should not be overlooked that these sales cover both locally produced and imported goods. Since it is impossible to make comparisons of the *quantity* of goods produced and sold from year to year, there is no evidence available which would reveal the extent to which increased prices have been the cause of the increased value of the total quantity of goods sold in recent years.

The percentage of gross profit on sales has also increased to some extent since 1914. The average of the nine companies was—in 1914, 19·47 per cent.; in 1918, 24·5 per cent.; and in 1919, 24·07 per cent.

The table below, showing the totals and percentages, will be of interest:—