

Table 5.5

SOURCES OF FUNDS OF CORPORATIONS OPERATING IN CANADA IN 1977, BY SIZE CLASSES
OF BUSINESS

(Percentage distribution)

Firm Size (by Assets)	\$249,999 and less	\$250,000 to \$999,999	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 to \$24,999,999	\$25,000,000 and over
Short-term liabilities	42.9%	38.1%	37.5%	33.5%	28.7%	18.9%
Long-term liabilities	14.8	13.1	13.4	12.6	11.6	17.3
Mortgages	(4.4)	(5.1)	(4.5)	(4.0)	(2.0)	(0.7)
Debentures	(0.8)	(0.9)	(1.7)	(1.8)	(2.3)	(12.1)
Others	(9.6)	(7.1)	(7.2)	(6.8)	(7.3)	(4.5)
Total liabilities	57.7	51.2	50.9	46.1	40.3	36.2
Shareholders' equity	41.3	46.8	45.8	49.3	54.8	56.1
Deferred taxes	0.2	0.9	1.9	2.9	3.6	6.9
Other	1.0	1.1	1.4	1.7	1.3	0.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Economic Council of Canada, Financial Markets Group

Table 5.6

RELATIVE CONTRIBUTION OF VARIOUS FORMS OF FINANCING TO THE
OVERALL FINANCING OF SELECTED SIZE GROUPS OF FIRMS IN 1977

(as percentage of total assets)

Firm Size (by Assets)	\$249,000 and less	\$250,000 to \$999,999	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 to \$24,999,999	\$25,000,000 and over
Total bank loans	16.0%	14.7%	15.3%	14.5%	12.7%	6.5%
Short-term bank loans	13.8	12.8	12.9	11.4	9.1	4.2
Long-term bank loans	2.2	1.9	2.4	3.1	3.6	2.1
Accounts payable	16.5	14.0	14.2	8.7	7.3	7.5
Mortgage debt	4.4	5.2	4.5	4.0	2.0	0.7
Funded debt	0.8	0.9	1.7	1.8	2.3	1.2
TOTAL DEBT ⁽¹⁾	57.7	51.2	50.9	46.1	40.3	36.2

⁽¹⁾ Includes short-term and long-term loans from shareholders and affiliates.

Source: Economic Council of Canada, Financial Markets Group

The major point these figures make is that smaller firms rely more heavily on long and short-term debt than larger firms. They also rely proportionately more on bank loans and other forms of bank financing than do larger firms.

Another indication of the role of banks in business financing, in particular for small business, is the extent to which the composition of the banks' assets has changed over time.