

## II. THE RATIO OF CURRENT LIABILITIES TO TOTAL EQUITIES

The Current Liabilities of a utility company constitute only a small fraction of its Total Equities. Unlike most industries, the utility companies sell a service furnished through their vast fixed plants, and do not trade in a merchandise to be resold. This condition is reflected in the Current Liabilities.

A survey of the ratio of Current Liabilities to Total Equities of companies over the entire United States gave the following:

Total cases analyzed.....	1,581
Cases with no Current Liabilities.....	3
Cases with very high ratio.....	26
Cases incorporated in Chart 2a.....	1,552

The 26 high ratios ranged from .36 to .94, of which 9 belonged to one company.

The concentration of these ratios about a central figure (average) is shown as follows. The 1,552 ratios were divided into 18 uniform groups of 2 per cent each from 0-.019, .02-.039, etc. Slightly over 25 per cent of these cases fell in one group—that from .02-.039—while 61 per cent of all these cases fell in the three groups included from .00-.059. Looking at this from another view, the Current Liabilities of 61 per cent of the cases constituted less than 6 per cent of the Total Equities. The typical ratio for this distribution is .031; i.e., 3.1 per cent of the total equities consist of current liabilities in the typical company.

### THE GEOGRAPHICAL DISTRIBUTIONS

Table IIb gives the frequency distributions for the ratio of Current Liabilities to Total Equities when the cases are divided according to their territorial locations of East, Middle West, West, and South.

The approximated mode for each section, and the respective degrees of concentration are as follows:

	<i>East</i>	<i>Middle West</i>	<i>West</i>	<i>South</i>
Modal ratio.....	.033	.033	.028	.034
Concentration about the mode.....	52%	70%	67%	62%

The modes (averages) do not vary much, the West with its average of .028 differing from the other three sections. In each group the concentration is high, especially in the Middle West where 70 per cent of all the cases are located in the highest bar and the bar on each side.