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STATISTICAL PRESS RELEASE

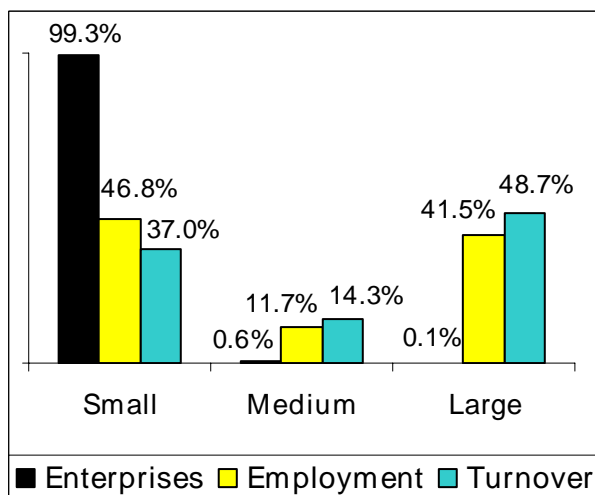
The Small Business Service (SBS), an executive agency of the Department of Trade and Industry, today published Small and Medium-sized Enterprise (SME) Statistics for the UK 2004.

There were an estimated 4.3 million business enterprises in the UK at the start of 2004. This compares with an estimated 4.0 million business enterprises in the UK at the start of 2003.

This estimate, and figures in this release, comprises the private sector (including public corporations and nationalised bodies) and therefore excludes Government and non-profit organisations.

Almost all of these enterprises (99.3 per cent) were small (0 to 49 employees). Only 26,000 (0.6 per cent) were medium-sized (50 to 249 employees) and 6,000 (0.1 per cent) were large (250 or more employees).

Figure 1
Share of enterprises, employment and turnover by size of business
UK private sector, start of 2004



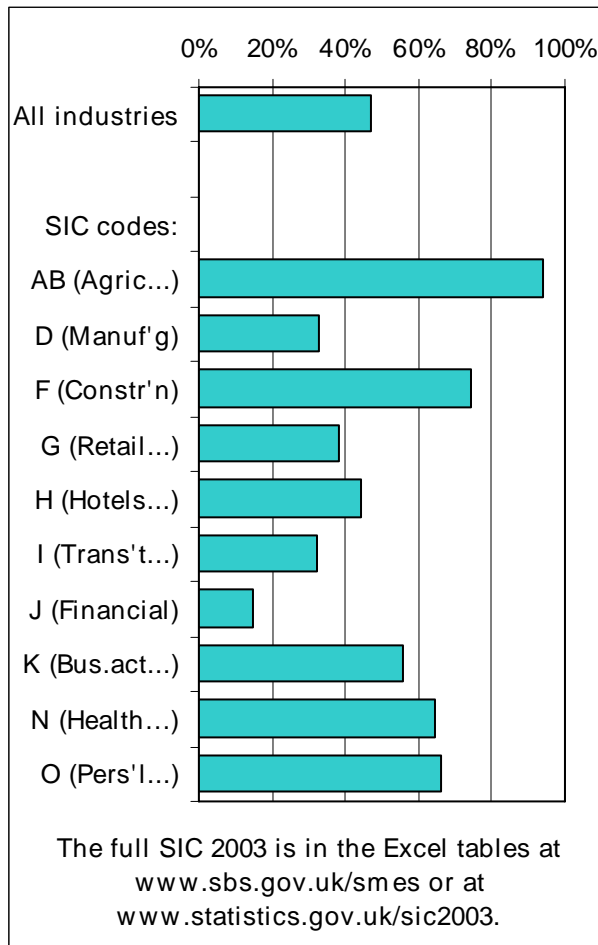
At the start of 2004, UK enterprises employed an estimated 22.0 million people, and had an estimated combined annual turnover of £2,400 billion.

Small and medium-sized enterprises (SMEs) together accounted for more than half of the employment (58.5 per cent) and turnover (51.3 per cent) in the UK.

Small enterprises alone (0 to 49 employees) accounted for 46.8 per cent of employment and 37.0 per cent of turnover (see Figure 1).

Figure 2

Share of **employment** in small enterprises (0 to 49 employees) by industry sector, UK private sector, start of 2004



Industry Patterns

At the start of 2004, 46.8 per cent of business employment was in small enterprises.

But this varied between industries (see Figure 2).

In Standard Industrial Classification (SIC) 2003 sections AB (agriculture, fishing and forestry), 94.0 per cent of employment was in small enterprises.

But in section J (Financial Intermediation) only 14.9 per cent of employment was in small enterprises.

The share of turnover in small enterprises also varies between industries.

Overall, 37.0 per cent of turnover was in small enterprises. Again, there are variations by industry, ranging from 18.3 per cent in SIC D (Manufacturing) to 90.4 per cent in SIC A and B (Agriculture etc.).

The number of enterprises with and without employees

At the start of 2004, the number of enterprises with no employees was 3.1 million, equivalent to 72.8 per cent of all enterprises. However this proportion varies among different industries, from 86.6 per cent for SIC F (Construction), to 17.9 per cent for SIC H (Hotels and Restaurants).

Enterprises with no employees are sole proprietorships and partnerships comprising only the self-employed owner-manager(s), and companies comprising only an employee director. They had an estimated combined turnover of £190 billion.

At the start of 2004, the number of enterprises with employees was 1.2 million. They had an estimated combined turnover of £2,160 billion.

Legal status

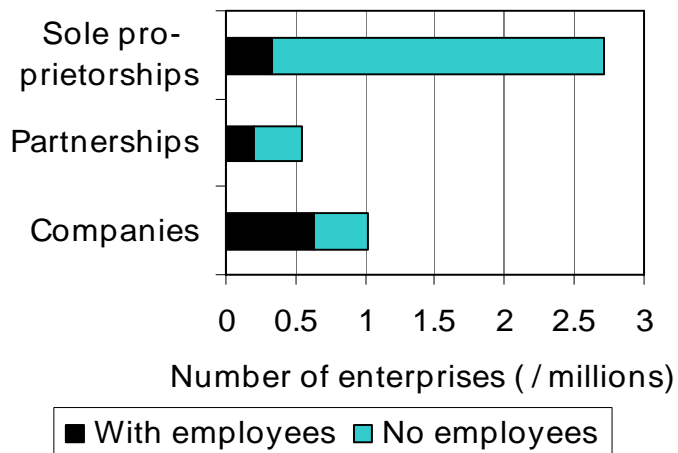
There are an estimated 2.72 million sole proprietors in the UK, and 330 thousand (12.1 per cent) of them have employees (see Figure 3).

There are an estimated 540 thousand partnerships and 200 thousand of them (37.3 per cent) have employees.

There are 1,020 thousand companies and 630 thousand of them (61.8 per cent) have employees.

Figure 3

Number of businesses with employees, by legal status, UK private sector, start of 2004



Changes in the number of enterprises over time

The increase in the estimated number of enterprises in the UK to 4.3 million at the start of 2004 from 4.0 million at the start of 2003 is the largest since the series began in 1994. From the start of 1995 to the start of 2001 the estimate was stable at 3.7 million.

Most of the increase to the start of 2004 is due to a rise of 230,000 (13 per cent) in the number of unregistered sole proprietorships, plus a rise of 20,000 (13 per cent) in the number of unregistered partnerships. These figures are estimated using the Office for National Statistics Labour Force Survey, which showed an increase in the number of self-employed people in the UK during 2003.

Also continuing the trend from 2002 to 2003, the number of registered companies rose over 60,000 (7 per cent), while the number of registered sole proprietorships fell by less than 40,000 (5 per cent) and the number of partnerships fell by less than 20,000 (5 per cent) to the start of 2004. Overall, these data from the Inter Departmental Business Register show that the number of registered businesses rose by nearly 10,000 between the start of 2003 and the start of 2004.

Focussing on enterprises without employees, the largest increases have been in SIC F (Construction) and SIC K (Real Estate, renting and business activities), which have both had an increase of 70 thousand enterprises. Most other industries have had an increase in this category too, but SIC AB (Agriculture...) has had a small decrease of 7 thousand.

Notes on this release

All figures in this document can also be found in the accompanying Excel tables published at www.sbs.gov.uk/smes. All figures and percentages in this document are rounded, usually to two significant figures and one decimal place respectively. Therefore totals might not exactly match the sum of their parts.

1 billion = 1,000 million.

Some definitions of Small and Medium-sized Enterprises are based on more than one factor, such as turnover. However, in this release, and in the tables accompanying it, a small enterprise is defined as an enterprise with 0 to 49 employees, a medium-sized enterprise is an enterprise with 50 to 249 employees, and a large enterprise is an enterprise with 250 or more employees.

Timeliness

The SME statistics are published over 18 months after the start of the reference year. This reflects the long delays in the reporting of a minority of business births and deaths, and the time taken to record employment in all existing enterprises.

Sources and accuracy

There is no single source of estimates of the number of businesses in the UK.

The main source for this publication is the Inter-Departmental Business Register (IDBR), administered by the Office for National Statistics (ONS), which is used to provide the number of registered businesses in the UK.

This publication also includes estimates of very small businesses that do not appear on the IDBR. These are estimated from the ONS Labour Force Survey and HM Revenue & Customs Survey of Personal Incomes. Since the estimates use survey data, the reliability of the SME statistics is lower for the smallest size class.

A document on methodology and accuracy accompanies this press notice at www.sbs.gov.uk/smes, which we recommend you read before interpreting these statistics.

A National Statistics publication

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