

Profitability of UK Companies, Q4 2012



Coverage: UK

Date: 10 April 2013

Geographical Area: UK

Theme: **Economy**

Key Points

- Private non-financial corporations' profitability, as measured by their net rate of return, was estimated at 11.5% in quarter four 2012, slightly lower than the typical level experienced in the last two years.
- Manufacturing companies' net rate of return was estimated at 4.9% in quarter four 2012, continuing the relatively low picture of the last year.
- Service companies' net rate of return was estimated at 15.9% in quarter four 2012, lower than the previous quarter but similar to the typical levels experienced in the last two years.
- UK Continental Shelf (UKCS) companies' net rate of return was 31.1% in quarter four 2012, continuing the decline in the rate of return over the last year.
- Non-UKCS companies' net rate of return was 11.1% in quarter four 2012, a very similar value to the levels seen in the last three years.
- To see the above data in more context, data for earlier periods are shown at Table 1 and data for longer time periods are presented in the graphs at Figures 1 to 4.

About this release

This statistical bulletin, produced by the Office for National Statistics (ONS) every quarter, shows the net rate of return on capital employed for UK private non-financial corporations related to their UK operations for October to December 2012. The net rate of return is a common way of measuring the profitability or economic success of a company or sector. It is calculated by expressing the economic gain or profit as a percentage of the capital used to produce it. See paragraph 2 of the Background Notes for a more comprehensive definition.

The estimates in this statistical bulletin are consistent with the [Quarterly National Accounts Q4 2012](#), published on Wednesday 27 March 2013, as described in the 'revisions' section.

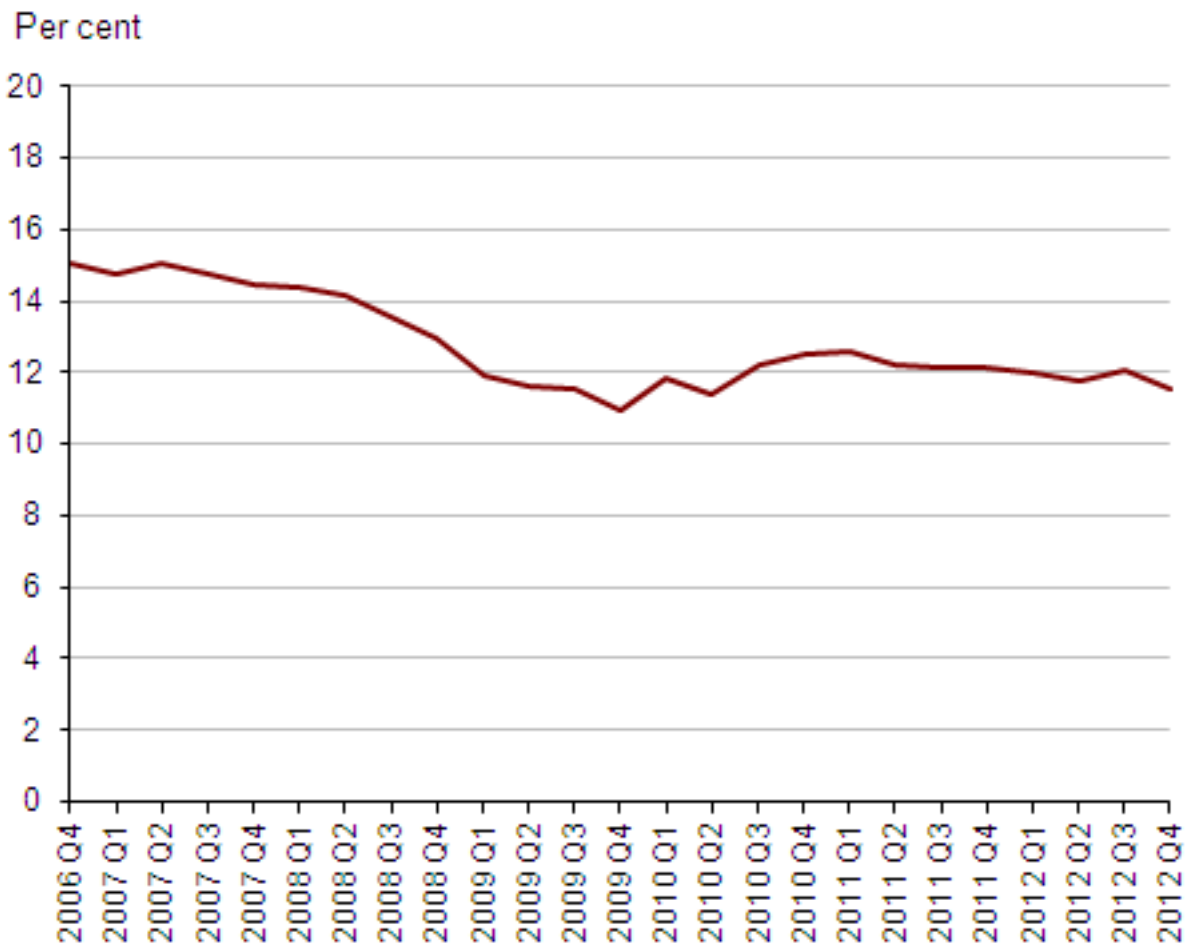
Net rate of return of Private Non-financial Corporations, 2012 Q4

The net rate of return of all private non-financial corporations in quarter four 2012 was estimated at 11.5%. This compares with the revised estimate of 12.1% in the previous quarter. The annual net rate of return in 2012 was estimated at 11.9%, lower than the estimate of 12.3% in 2011.

As Figure 1 below shows, the net rate of return for private non-financial corporations is at a slightly lower level than the level for the last two years, following a stronger picture through 2006 and 2007.

Figure 1: Net Rate of Return of PNFCs, 2012 Q4

United Kingdom



Source: Office for National Statistics

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Table 1: Net Rate of Return

United Kingdom

				Per cent
	Total	Manufacturing	Services	UK Continental Shelf (UKCS)
2011	12.3	5.4	15.9	46.5
2012	11.9	4.7	16.5	36.6
2011 Q1	12.6	6.1	15.8	47.2
2011 Q2	12.2	5.9	15.9	48.4
2011 Q3	12.1	4.9	16.2	44.4
2011 Q4	12.1	4.8	15.7	45.9
2012 Q1	12.0	4.7	15.8	43.4
2012 Q2	11.8	4.6	16.6	37.0
2012 Q3	12.1	4.6	17.7	34.7
2012 Q4	11.5	4.9	15.9	31.1

Table source: Office for National Statistics

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Economic context

The net rate of return of Private Non-Financial Corporations (PNFCs) saw a larger than usual fall in the fourth quarter of 2012. The net rate of return of PNFCs in the quarter was 0.4% below the average for 2012 at 11.5%.

The fall in the net rate of return of PNFCs in the last quarter of 2012 reflected a weakening in the gross trading profits of the sector. Excluding continental shelf companies, gross trading profits fell by 2.1% in the fourth quarter of 2012. While the gross trading profits of UK continental shelf companies fell by 7.8%. This meant overall the gross trading profits of PNFCs declined by 2.3% in the quarter.

The net rate of return for PNFCs within the service sector decreased by 1.8% in 2012 quarter four, falling to 15.9%. The large fall in the net rate of return of the service sector was not mirrored by changes in the output of the sector. The index of services suggested output for the whole service sector was flat in the fourth quarter of 2012. This would seem to indicate that the decline in the profitability of the service sector was due to pressure on their margins from rising costs.

The net rate of return for the manufacturing sector grew slightly in 2012 quarter four, increasing by 0.3% to reach 4.9%. The profitability of manufacturing firms was relatively stable in 2012 despite the weak performance of the sector in terms of output.

Profit warnings are an indication of actual profits falling short of expected or forecasted profits. Ernst & Young reported that UK quoted companies (Main Market and AIM listed companies) issued 86 profit warnings in 2012 quarter four, taking the total for the year to 287 – the highest since 2008. The weak performance in 2012 was thought to be down to mounting uncertainty in the global economy reducing confidence and demand.

Manufacturing and Service Companies, 2012 Q4

Manufacturing Companies

The estimated net rate of return for manufacturing companies in quarter four 2012 was 4.9%, higher than the revised estimate of 4.6% for the previous quarter. The annual net rate of return in 2012 was estimated at 4.7%, the lowest value since 1984 when it was estimated at 3.8%.

As Figure 2 shows, the net rate of return for manufacturing companies can be quite volatile. The peaks in quarter four 2010, quarter one 2008 and quarter one 2007 are due to strong profits data for a number of the larger companies in the sector. In contrast, the net rate of return was at an historically low level through 2012.

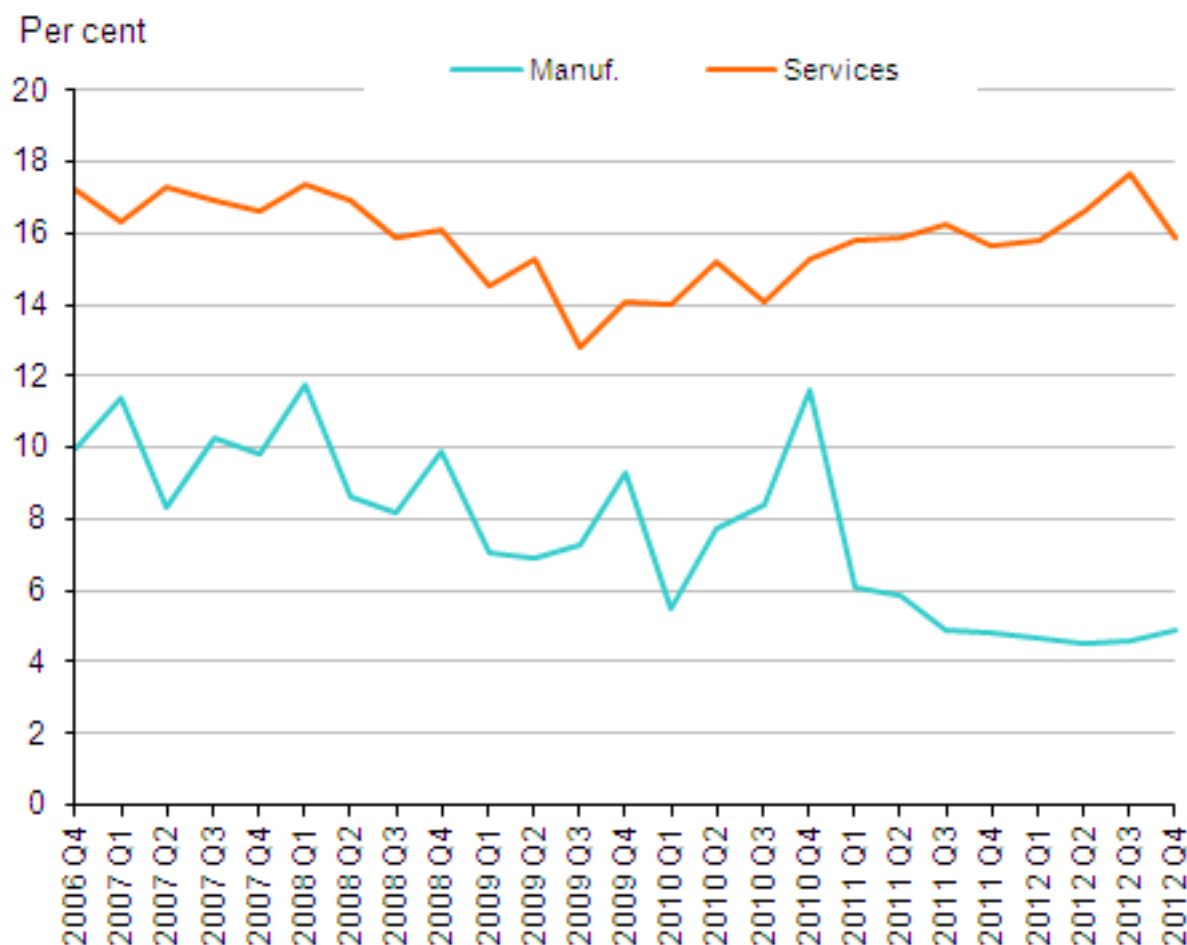
Service Companies

The estimated net rate of return for service companies in quarter four 2012 is 15.9%, lower than the revised estimate of 17.7% for the previous quarter. The annual net rate of return in 2012 was estimated at 16.5%, higher than the estimate of 15.9% in 2011.

As Figure 2 shows, the net rate of return for service companies has, with the odd exception, been at a similar level in the last two years.

Figure 2: Net Rate of Return of Manufacturing and Services Companies, 2012 Q4

United Kingdom



Source: Office for National Statistics

Download chart[XLS](#) [XLS format](#)

(37 Kb)

Non-United Kingdom Continental Shelf (non-UKCS) Companies, 2012 Q4

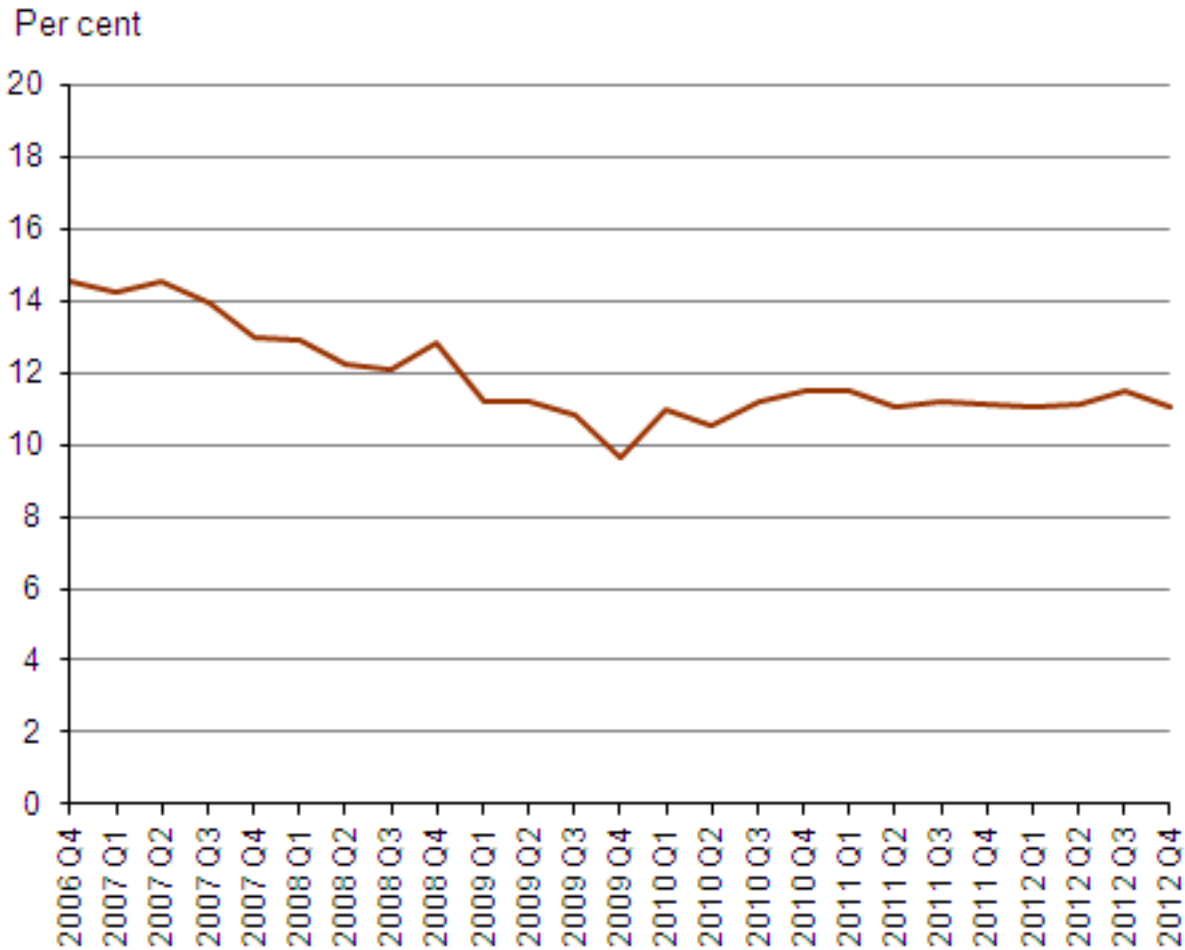
Non-UKCS companies comprise manufacturing, service and other non-UKCS companies (such as construction and power supply).

The estimated net rate of return for non-UKCS companies in quarter four 2012 is 11.1%, lower than the revised estimate for the previous quarter but at much the same level as in the last three years. The annual net rate of return in 2012 was estimated at 11.2%, slightly lower than the estimate of 11.3% in 2011.

As Figure 3 shows, the net rate of return of non-UKCS companies is very similar to the picture for all private non-financial corporations, (as seen in Figure 1), with a very similar level for the last three years, following a stronger picture through 2006 and 2007.

Figure 3: Net Rate of Return of Non-UKCS Companies, 2012 Q4

United Kingdom



Source: Office for National Statistics

Download chart

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(34 Kb)

United Kingdom Continental Shelf (UKCS) Companies, 2012 Q4

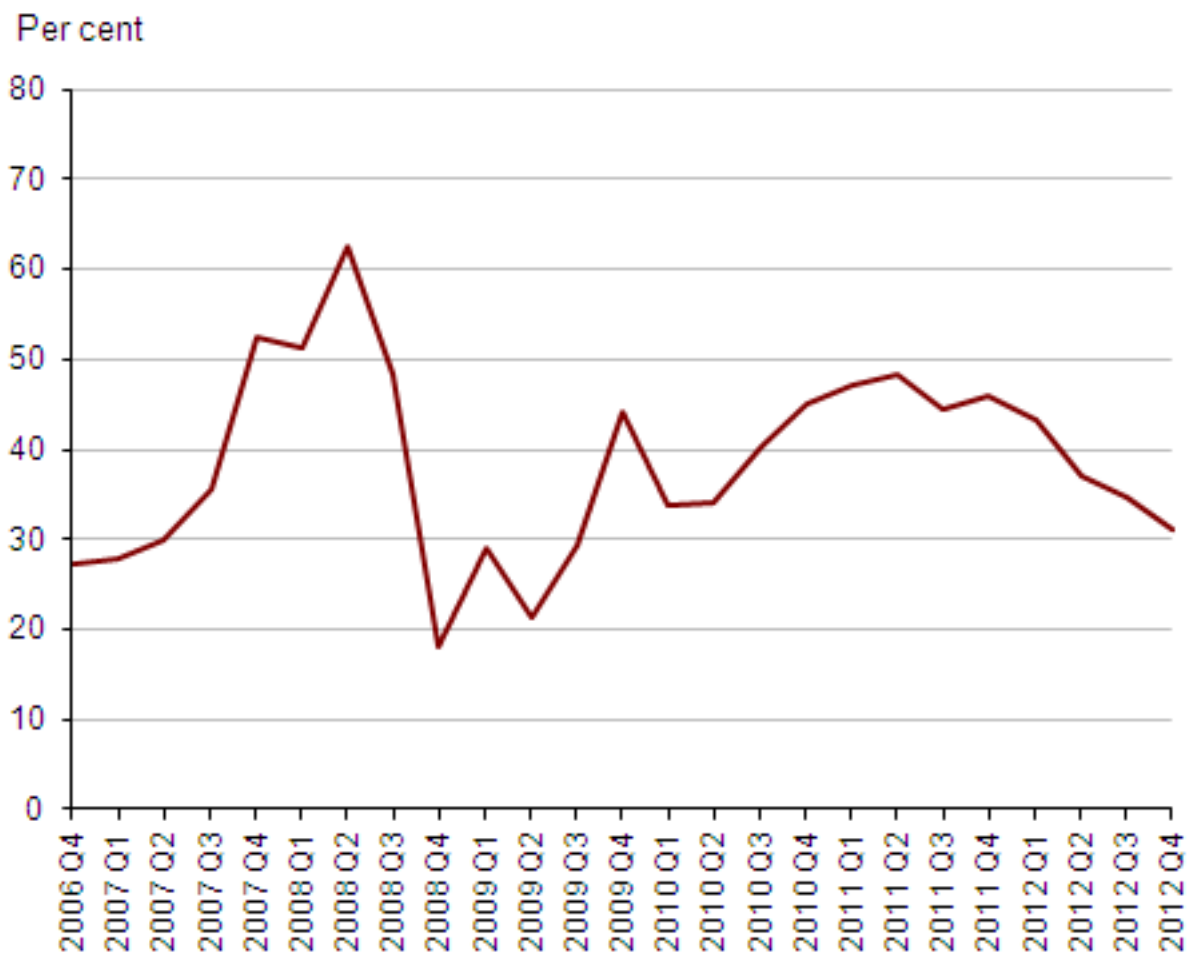
UKCS companies are defined as those involved in the exploration for, and extraction of, oil and natural gas in the UK. Due to the nature of the capital assets employed, net rates of return for Continental Shelf companies are not directly comparable with those for other industries.

The estimated net rate of return for UKCS companies in quarter four 2012 was 31.1%, lower than the revised estimate of 34.7% in the previous quarter and continuing the relative decline over the last year. The annual net rate of return in 2012 was estimated at 36.6 %, down on the estimate of 46.5% in 2011.

The rates of return for this industry broadly follow movements in oil and gas prices. As Figure 4 shows, the net rate of return for UKCS companies can be very volatile.

Figure 4: Net Rate of Return of UKCS Companies, 2012 Q4

United Kingdom



Source: Office for National Statistics

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(35 Kb)

International Comparisons

Profitability is a relative measure of profit and what created it. This bulletin shows the rate of return on capital employed. More detail on the calculation of rates of return is available in the 'Background notes' to this bulletin. Other countries use a range of measures, making comparisons difficult.

However, Eurostat show comparisons, across the European Union, of the profit share of non-financial corporations defined as [gross operating surplus divided by gross value added](#). This profitability-type indicator shows the share of the value added created during the production process remunerating capital. It is the complement of the share of wage costs (plus taxes less subsidies on production) in value added. [Detailed data and methodology are available on the Eurostat website](#).

The information published by Eurostat is currently being analysed with a view to presenting some of the data, along with commentary, in the Profitability Bulletin.

Background notes

1. What's new this quarter

Revisions

Revisions to the net rates of return for PNFCs have been made back to quarter one 2011, in line with the [UK National Accounts revisions policy \(41.6 Kb Pdf\)](#).

Revisions to the underlying gross operating surplus (GOS) data for PNFCs are consistent with [Quarterly National Accounts Q4 2012](#), published on Wednesday 27 March 2013.

Gross trading profits (GTP) data are a key component in the calculation of GOS. Rates of return for all PNFC companies have been revised due to the calculation of new GTP estimates from the [Quarterly Operating Profits Survey \(160.1 Kb Pdf\)](#) (QOPS).

For more information on the calculation of GOS, see 'Definitions and explanations.'

What's new next quarter

It is anticipated that Capital Stocks and Capital Consumption estimates on a SIC 2007 basis will be incorporated in the quarter one 2013 Profitability Statistical bulletin. This will end the current assumption that capital by sector has remained unchanged. Additionally, benchmarking of profits values to HMRC data and the incorporation of Blue Book 2013 values will be undertaken. This is likely to result in revisions to the current rates of return.

2. Understanding the data

Interpreting the data

Private non-financial corporations (PNFCs) are comprised of UK Continental Shelf (UKCS), manufacturing, non-financial service sector companies and others (including construction,

electricity and gas supply, agriculture, mining and quarrying). UKCS companies are defined as those involved in the exploration for, and extraction of, oil and natural gas in the UK.

The **rates of return** presented are ratios of operating surpluses compared to capital employed, expressed as percentages. The ratios measure the 'accounting' rates of return achieved in a particular year against total capital employed. The rates of return are on the basis of current replacement cost and relate to UK operations of PNFCs. The net rate of return uses capital estimates which are net of capital consumption, and is more widely used than the gross rate of return. Rates of return are published for quarters and for years.

The main sources of data used in the compilation of the rates of return are obtained from the Quarterly Operating Profits Survey (QOPS) and provisional HMRC company profits data.

The underlying capital data used to calculate these rates of return are based upon the data published in the '[Capital Stocks, Capital Consumption and Non-Financial Balance Sheets](#)' publication on 2 August 2010, updated with later information where available.

Provisional SIC 2007 estimates for **capital employed** and **capital consumption** are used to calculate the rates of return. Due to the [postponement of the release of Capital Stocks and Capital Consumption estimates](#), the estimates in this release have been produced using the assumption that capital by sector has not changed since quarter three 2011. This method was introduced in the quarter three 2012 bulletin and will continue until the Capital Stocks and Capital Consumption estimates are available on a SIC 2007 basis.

As a consequence, rates of return estimates for manufacturing and services should be used with caution.

Definitions and explanations

The **gross operating surplus** of PNFCs consists of gross trading profits, plus income from rental of buildings, less inventory holding gains.

Gross trading profits include only that part of a company's income arising from trading activities in the UK. It does not include income from investments or other means, such as earnings from abroad. Gross trading profits are calculated before payments of dividends, interest and tax. The gross trading profits figures used in the calculation of **gross operating surplus** exclude the quarterly alignment adjustments applied to non-UKCS companies' gross trading profits, as published in the Quarterly National Accounts.

Inventory holding gains are the differences in the change in the book value of inventories measured at replacement cost and historic cost. The holding gain is subtracted from profits because revaluations are not considered to be part of economic activity, as defined for National Accounts purposes.

Estimates of gross capital stock are a measure of the cost of replacing all produced capital assets held at a particular point in time. **Capital employed** is the value of fixed assets, plus the value of inventories. It measures the value at replacement cost of all fixed assets at the end of a calendar year. This includes all tangible assets and intangible assets which have been

produced and are themselves repeatedly or continuously used in the processes of production for more than a year. Tangible assets include buildings, plant and machinery. Intangible assets include computer software and mineral exploration costs. For UKCS companies, capital employed includes mineral exploration costs and oil rigs, but not the oil and gas reserves that are classified as non-produced assets. Inventories include raw material and fuel that are used up in production. Book values are used for levels of inventories.

In the calculations for net rates of return, estimates of net operating surplus are net of **capital consumption** (depreciation). Capital consumption is derived from capital stock and covers the depreciation of fixed assets over their service lives. Estimates of net capital are net of accumulated capital consumption; that is, they are a measure of the written down replacement costs of fixed assets.

Use of the data

The underlying profits data used to calculate the rates of return are used within the UK National Accounts. They are consistent with the [Quarterly National Accounts Q4 2012](#) and the [UK Economic Accounts Q4 2012](#), both published on 27 March 2013.

3. Methods

Sampling methodology

Details on the methods used for the Quarterly Operating Profits survey are available in the [Quality and Methodology Information \(118.8 Kb Pdf\)](#) document.

Perpetual inventory method

Underlying estimates of capital stock and capital consumption are produced using the Perpetual Inventory Method. Further details are available in the '[Capital Stocks, Capital Consumption and Non-Financial Balance Sheets](#)' publication, which was last published on 2 August 2010.

4. Quality

The net rate of return is defined as the ratio of the operating surplus compared to the capital employed, expressed as a percentage. The accuracy of the data in the numerator is likely to be high because the main component (profits) is benchmarked every 6 months to definitive, comprehensive, HMRC data. The accuracy of the data in the denominator is less clear because capital stocks and capital consumption data are not yet fully on a SIC 2007 basis – as noted above, the estimates in this release have been produced using the assumption that capital by sector has not changed since quarter three 2011. [Further information on progress to reinstate the Capital Stocks and Capital Consumption estimates](#) is available on the ONS website. This limitation in the data will be addressed with the Profitability Statistical Bulletin for Q1 2013, to be published in July 2013, and may lead to some revisions in the historical series.

The [Quality Methodology Information for Quarterly Operating Profits \(160.1 Kb Pdf\)](#) is available on the Office for National Statistics website.

The standard error of a series is a measure of the spread of possible estimates that might be obtained when taking a range of different samples of the same size. This provides a means of assessing the accuracy of the estimate: the lower the standard error, the more confident one can be that the estimate is close to the true value. Standard errors for quarterly profits, a key component of the numerator in the profitability data, are currently being developed and will be published in this Bulletin later this year.

Revisions

Table R1 accompanying this bulletin shows the revisions to the net rates of return made back to quarter one 2011, which ensures revisions to 2011 Q1 growth rates are accurately reflected. These revisions are consistent with the data published in the latest [Quarterly National Accounts Q4 2012](#) statistical bulletin on 27 March 2013. Revisions have been introduced from new information from the Quarterly Operating Profits Survey.

Estimates for the most recent quarters are provisional and, as usual, are subject to revisions in the light of updated source information consistent with [National Accounts revisions policy \(41.6 Kb Pdf\)](#). ONS has a web page dedicated to [revisions to economic statistics](#) which brings together ONS work on revisions analysis, links to relevant articles, revisions policies and key documentation from the Statistics Commission's report on revisions.

5. Relevant links

- [Quarterly National Accounts](#)
- [United Kingdom Economic Accounts](#)

6. Publication Policy and Code of Practice for Official Statistics

Details of the policy governing the release of new data are available from the Media Relations Office.

Also available is a [list of those given pre-publication access \(29.1 Kb Pdf\)](#) to the contents of this release.

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7. Accessing data

The complete run of data in the tables of this statistical bulletin is available to [view and download in electronic format](#) through ONS Time Series Data. Users can download the complete bulletin in a choice of zipped formats, or view and download their own sections of individual series.

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1 Annual Rates of Return of Private Non-Financial Corporations¹ - Summary²

per cent

Year	All Private Non-Financial Corporations ²		UKCS Companies ³		Non - UKCS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs	
	Gross ^{4,6} Net ^{5,6}		Gross ^{4,6} Net ^{5,6}		Gross ^{4,6} Net ^{5,6}		Gross ^{4,6} Net ^{5,6}		Gross ^{4,6} Net ^{5,6}	
	LRWV	LRWW	LRXD	LRXE	LRXO	LRXP	LRYP	LRYP	LRYP	LRYP
1997	12.6	14.0	11.7	10.1	12.7	14.2	13.3	15.8	15.7	17.3
1998	12.5	13.5	9.1	5.4	12.7	14.0	12.2	13.7	17.3	19.1
1999	12.2	12.9	11.1	9.5	12.2	13.1	11.4	12.2	17.0	18.4
2000	11.7	12.1	18.6	24.5	11.3	11.4	10.4	10.6	16.2	17.1
2001	11.1	11.2	17.1	22.1	10.8	10.7	10.3	10.4	15.3	16.0
2002	11.5	11.7	16.5	21.1	11.2	11.2	9.7	9.5	16.0	16.6
2003	12.0	12.4	15.6	19.8	11.8	12.0	9.4	9.1	17.2	18.2
2004	12.4	13.2	15.8	20.7	12.2	12.8	9.1	9.3	15.1	16.1
2005	12.5	13.4	18.8	27.5	12.2	12.7	9.4	9.9	14.8	15.6
2006	13.4	14.7	21.9	35.0	12.9	13.8	9.4	9.3	15.7	16.8
2007	13.8	14.8	22.3	36.4	13.3	13.9	9.9	10.0	16.0	16.8
2008	12.9	13.8	26.5	45.1	12.2	12.5	9.2	9.6	15.7	16.6
2009	11.5	11.5	20.0	31.0	11.0	10.7	8.2	7.6	14.0	14.2
2010	11.7	12.0	23.2	38.3	11.1	11.0	8.4	8.3	14.3	14.7
2011	12.0	12.3	26.6	46.5	11.2	11.3	6.7	5.4	15.4	15.9
2012	11.7	11.9	21.9	36.6	11.1	11.2	7.1	4.7	16.2	16.5

Source: Office for National Statistics

- 1 Private non-financial corporations are comprised of UK Continental Shelf, manufacturing, non-financial service sector companies and others (including construction, electricity and gas supply, agriculture, mining and quarrying).
- 2 Underlying data are presented in tables 3 to 7. Background notes to this release and all footnotes in Table 1 apply to all tables. Gross capital employed and capital consumption estimates used in the calculation of the rates of return are not available on a SIC 2007 basis. The background notes to this release explain the method used to produce a proxy for these estimates.
- 3 UKCS companies are defined as those involved in the exploration for and production of oil and natural gas from the UK Continental Shelf.
- 4 Basis of gross estimates:
Gross operating surplus (numerator): Gross trading profits from United Kingdom operations plus rentals received less inventory holding gains.

- Gross capital employed (denominator): Value of fixed assets at current replacement cost plus the book value of inventories held in United Kingdom
- 5 Basis of net estimates:
Net operating surplus (numerator): Gross operating surplus less capital consumption at current replacement cost.
Net capital employed (denominator): Gross capital employed less accumulated capital consumption at current replacement cost.
- 6 Revisions have been made back to quarter one 2011 in line with the UK National Accounts revisions policy. For more information see the background notes to this release.

2 Quarterly Rates of Return of Private Non-Financial Corporations - Summary¹

per cent

Year	All Private Non-Financial Corporations		UKCS Companies		Non - UKCS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs	
	Gross		Gross		Gross		Gross		Gross	
	LRWV	LRWW	LRXD	LRXE	LRXO	LRXP	LRYB	LRYC	LRYP	LRYP
1999 Q1	12.1	12.8	8.1	3.5	12.4	13.4	11.0	11.6	16.6	18.0
Q2	12.2	13.0	9.1	5.6	12.4	13.4	11.6	12.5	17.3	19.0
Q3	12.3	13.0	12.8	12.6	12.2	13.0	11.2	11.9	16.6	17.9
Q4	12.1	12.8	14.6	16.2	11.9	12.6	11.8	12.9	17.4	18.9
2000 Q1	11.9	12.4	15.7	18.5	11.6	12.0	10.7	11.1	16.5	17.6
Q2	11.7	12.0	17.9	22.9	11.3	11.4	10.4	10.5	16.0	16.9
Q3	12.0	12.5	19.7	26.7	11.5	11.8	10.5	10.6	16.1	16.9
Q4	11.3	11.5	21.2	29.8	10.7	10.5	10.2	10.1	16.1	17.0
2001 Q1	11.1	11.2	19.5	26.6	10.6	10.3	10.7	11.1	15.9	16.8
Q2	10.9	10.8	18.1	24.0	10.4	10.2	10.1	9.9	15.2	15.8
Q3	11.3	11.5	16.9	21.8	11.0	11.0	10.7	11.0	15.4	16.2
Q4	11.2	11.4	14.0	16.0	11.1	11.1	9.8	9.5	14.8	15.3
2002 Q1	11.4	11.6	15.5	19.1	11.1	11.2	10.4	10.7	14.9	15.4
Q2	11.5	11.7	16.1	20.4	11.2	11.2	10.0	10.1	15.8	16.4
Q3	11.8	12.0	15.7	19.7	11.5	11.6	9.2	8.6	16.0	16.4
Q4	11.5	11.5	18.5	25.3	11.0	10.8	9.1	8.5	17.3	18.2
2003 Q1	11.9	12.1	18.1	24.8	11.5	11.5	8.7	7.8	16.8	17.5
Q2	11.8	12.0	12.7	14.0	11.7	11.9	9.3	8.9	17.3	18.3
Q3	12.2	12.7	16.0	20.8	12.0	12.3	9.8	9.7	17.5	18.7
Q4	12.2	12.7	15.5	19.8	12.0	12.4	9.9	10.0	16.9	18.1
2004 Q1	12.6	13.5	15.9	20.8	12.4	13.1	9.4	9.8	15.4	16.5
Q2	12.4	13.2	15.7	20.4	12.2	12.9	9.2	9.4	16.3	17.8
Q3	12.3	13.0	15.6	20.4	12.1	12.7	8.8	8.8	14.1	14.6
Q4	12.2	12.9	15.9	21.2	12.0	12.6	9.0	9.2	14.7	15.5
2005 Q1	12.4	13.2	17.9	25.3	12.0	12.6	9.3	9.8	15.0	15.9
Q2	12.7	13.6	18.7	27.3	12.3	13.0	9.9	10.8	15.0	15.8
Q3	12.4	13.1	19.9	30.0	11.9	12.4	9.3	9.8	14.1	14.5
Q4	12.7	13.6	18.6	27.5	12.3	12.9	9.0	9.3	15.2	16.0
2006 Q1	13.4	14.8	24.3	39.7	12.8	13.8	9.5	9.4	15.5	16.3
Q2	13.1	14.3	23.1	37.6	12.6	13.4	9.1	8.7	15.6	16.7
Q3	13.3	14.5	22.1	35.5	12.8	13.6	9.2	9.1	15.7	16.8
Q4	13.6	15.0	18.3	27.4	13.3	14.5	9.7	10.0	16.0	17.2
2007 Q1	13.7	14.8	18.4	27.8	13.4	14.2	10.6	11.4	15.6	16.3
Q2	14.1	15.1	19.4	30.0	13.7	14.5	9.0	8.3	16.5	17.3
Q3	13.9	14.8	21.8	35.5	13.4	13.9	10.1	10.3	16.1	16.9
Q4	13.7	14.5	29.5	52.4	12.8	13.0	9.9	9.8	15.9	16.6
2008 Q1	13.4	14.3	29.1	51.2	12.5	12.9	10.3	11.8	16.2	17.4
Q2	13.2	14.2	34.8	62.6	11.9	12.2	8.7	8.6	15.9	16.9
Q3	12.8	13.5	28.1	48.3	11.9	12.1	8.4	8.2	15.2	15.9
Q4	12.4	13.0	14.0	18.2	12.4	12.8	9.4	9.9	15.4	16.1
2009 Q1	11.8	11.9	19.1	29.1	11.4	11.2	7.8	7.1	14.2	14.5
Q2	11.6	11.6	15.4	21.3	11.4	11.2	7.7	6.9	14.8	15.3
Q3	11.5	11.5	19.2	29.4	11.1	10.8	8.0	7.3	13.1	12.8
Q4	11.1	10.9	26.1	44.3	10.2	9.6	9.1	9.3	13.9	14.1
2010 Q1	11.6	11.8	21.1	33.7	11.1	11.0	6.9	5.5	13.8	14.0
Q2	11.3	11.4	21.3	34.2	10.8	10.5	8.1	7.7	14.7	15.2
Q3	11.9	12.2	24.0	40.2	11.2	11.2	8.4	8.4	13.9	14.1
Q4	12.1	12.5	26.1	45.0	11.4	11.5	10.2	11.6	14.7	15.3
2011 Q1	12.2	12.6	27.0	47.2	11.4	11.5	7.1	6.1	15.2	15.8
Q2	11.9	12.2	27.5	48.4	11.1	11.1	7.0	5.9	15.4	15.9
Q3	11.9	12.1	25.6	44.4	11.2	11.2	6.4	4.9	15.7	16.2
Q4	11.9	12.1	26.3	45.9	11.1	11.1	6.3	4.8	15.3	15.7
2012 Q1	11.8	12.0	25.1	43.4	11.1	11.1	6.1	4.7	15.4	15.8
Q2	11.6	11.8	22.2	37.0	11.1	11.1	5.9	4.6	16.3	16.6
Q3	11.8	12.1	21.1	34.7	11.3	11.5	5.9	4.6	17.4	17.7
Q4	11.5	11.5	19.4	31.1	11.1	11.1	6.4	4.9	15.7	15.9

Source: Office for National Statistics

1 The quarterly rates of return are consistent with the annual rates of return presented in Table 1. See footnotes on Table 1

3 Rates of Return of all Private Non-Financial Corporations

Year	Per cent Rate of Return		£ billion				
	Gross LRWV	Net LRWW	Gross Operating Surplus LRWL	Capital Consumption BGXZ	Net Operating Surplus LRWM	Capital Employed	
						Gross LRWT	Net LRWU
1997	12.6	14.0	173.8	55.4	118.4	1376.0	847.1
1998	12.5	13.5	174.6	57.5	117.1	1400.3	866.2
1999	12.2	12.9	178.3	60.5	117.8	1464.7	912.7
2000	11.7	12.1	179.0	63.0	116.1	1526.5	958.6
2001	11.1	11.2	176.9	64.8	112.2	1587.2	999.9
2002	11.5	11.7	186.2	66.6	119.5	1612.4	1022.6
2003	12.0	12.4	199.0	68.5	130.5	1657.5	1053.1
2004	12.4	13.1	216.6	70.8	145.8	1749.5	1108.8
2005	12.5	13.4	225.5	73.0	152.5	1799.6	1141.7
2006	13.4	14.7	249.2	75.4	173.8	1864.0	1183.4
2007	13.8	14.8	260.6	78.9	181.7	1884.5	1229.7
2008	12.9	13.8	258.0	81.7	176.3	1993.8	1281.7
2009	11.5	11.5	236.0	84.8	151.2	2058.7	1316.5
2010	11.7	12.0	250.8	87.8	163.0	2137.9	1358.5
2011	12.0	12.3	264.4	92.8	171.6	2208.9	1396.2
2012	11.7	11.9	265.6	96.2	169.4	2272.8	1428.9

Source: Office for National Statistics

See footnotes on Table 1

4 Rates of Return of UK Continental Shelf Companies

Year	Per cent Rate of Return		£ billion				
	Gross LRXD	Net ¹ LRXE	Gross Operating Surplus LRWX	Capital Consumption BGYB	Net Operating Surplus LRWY	Capital Employed	
						Gross LRXB	Net LRXC
1997	11.7	10.1	10.8	5.8	5.0	91.9	49.6
1998	9.1	5.4	8.7	6.0	2.7	95.3	50.9
1999	11.1	9.5	10.9	6.0	4.9	98.4	52.0
2000	18.6	24.5	18.2	5.9	12.4	98.0	50.6
2001	17.1	22.1	16.5	5.8	10.8	96.6	48.8
2002	16.5	21.1	15.9	5.7	10.3	96.9	48.6
2003	15.6	19.8	15.4	5.7	9.8	98.9	49.2
2004	15.8	20.7	16.0	5.8	10.3	101.5	49.6
2005	18.8	27.5	19.4	5.8	13.6	103.2	49.3
2006	21.9	35.0	22.8	5.8	17.0	104.0	48.5
2007	22.3	36.4	23.5	5.8	17.6	105.3	48.4
2008	26.5	45.1	28.1	5.8	22.4	106.3	49.7
2009	20.0	31.0	21.5	5.9	15.6	107.4	50.2
2010	23.2	38.3	25.4	6.0	19.4	109.6	50.7
2011	26.6	46.5	29.8	5.9	23.9	112.1	51.4
2012	21.9	36.6	25.1	6.1	19.0	114.5	52.0

Source: Office for National Statistics

¹ Net rates of return are not a good measure of performance for Continental Shelf companies because of the nature of the fixed assets. This leads to distortions in the average capital employed.
See footnotes on Table 1

5 Rates of Return of Non-UKCS PNFCs

Year	Per cent Rate of Return		£ billion				
	Gross LRXO	Net LRXP	Gross Operating Surplus LRXG	Capital Consumption BGYC	Net Operating Surplus LRXH	Capital Employed	
						Gross LRXM	Net LRXN
1997	12.7	14.2	163.0	49.6	113.4	1284.1	797.6
1998	12.7	14.0	165.9	51.5	114.4	1305.0	815.3
1999	12.2	13.1	167.4	54.5	112.9	1366.4	860.7
2000	11.3	11.4	160.8	57.1	103.7	1428.5	908.0
2001	10.8	10.7	160.4	59.0	101.4	1490.6	951.0
2002	11.2	11.2	170.2	61.0	109.2	1515.4	974.0
2003	11.8	12.0	183.6	62.9	120.7	1558.6	1003.9
2004	12.2	12.8	200.5	65.0	135.5	1648.1	1059.2
2005	12.2	12.7	206.1	67.2	138.9	1696.4	1092.4
2006	12.9	13.8	226.4	69.6	156.8	1760.0	1134.9
2007	13.3	13.9	237.1	73.1	164.0	1779.2	1181.3
2008	12.2	12.5	229.9	76.0	153.9	1887.5	1231.9
2009	11.0	10.7	214.6	78.9	135.7	1951.3	1266.3
2010	11.1	11.0	225.4	81.1	144.3	2028.3	1307.8
2011	11.2	11.3	234.6	83.9	150.7	2096.8	1344.8
2012	11.1	11.2	240.5	86.6	153.9	2158.4	1376.9

Source: Office for National Statistics

See footnotes on Table 1

6 Rates of Return of Manufacturing Sector PNFCs

Year	Per cent Rate of Return		£ billion				
	Gross	Net	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Capital Employed	
						LRYB	LRYC
LRXB	LRXC	LRXR	BGYI	LRXS	LRXZ	LRYA	
1997	13.3	15.8	45.6	14.4	31.3	342.6	197.6
1998	12.2	13.7	42.3	14.8	27.5	346.9	200.4
1999	11.4	12.2	42.4	16.0	26.4	372.2	215.4
2000	10.4	10.6	40.4	16.6	23.8	386.5	224.5
2001	10.3	10.4	36.2	15.0	21.1	351.0	203.7
2002	9.7	9.5	37.6	16.4	21.3	388.5	223.8
2003	9.4	9.1	35.2	15.7	19.5	373.5	213.7
2004	9.1	9.3	40.1	16.9	23.2	441.2	249.6
2005	9.4	9.9	40.5	16.3	24.2	431.0	243.1
2006	9.4	9.3	42.9	19.3	23.6	457.2	253.3
2007	9.9	10.0	42.3	18.6	23.7	428.2	237.6
2008	9.2	9.6	42.2	17.2	24.9	457.9	259.7
2009	8.2	7.6	34.7	16.5	18.1	426.0	238.1
2010	8.4	8.3	35.4	16.0	19.4	420.4	232.4
2011	6.7	5.4	37.5	20.7	16.8	559.2	309.9
2012	7.1	4.7	34.1	19.5	14.6	560.8	310.6

Source: Office for National Statistics

1 See footnotes on table 1

7 Rates of Return of Service Sector PNFCs

Year	Per cent Rate of Return		£ billion				
	Gross	Net	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Capital Employed	
						LRYG	LRYP
1997	15.7	17.3	99.4	24.9	74.6	631.7	431.8
1998	17.3	19.1	105.3	24.7	80.6	610.0	421.7
1999	17.0	18.4	106.2	25.7	80.6	626.3	436.9
2000	16.2	17.1	102.3	26.1	76.2	633.3	445.9
2001	15.3	16.0	103.8	27.2	76.5	676.3	477.9
2002	16.0	16.6	109.5	28.3	81.2	683.8	489.2
2003	17.2	18.2	126.7	30.7	96.0	738.3	528.2
2004	15.1	16.1	135.2	32.5	102.7	894.8	638.8
2005	14.8	15.6	140.1	34.8	105.3	944.2	676.4
2006	15.7	16.8	152.5	39.0	113.5	970.7	677.5
2007	16.0	16.8	161.3	41.4	119.9	1006.6	714.6
2008	15.7	16.6	157.2	38.9	118.3	1004.1	714.0
2009	14.0	14.2	156.0	44.9	111.2	1113.3	784.6
2010	14.3	14.7	164.1	46.5	117.7	1149.5	803.8
2011	15.4	15.9	168.9	43.8	125.1	1098.2	786.1
2012	16.2	16.5	181.0	48.6	132.3	1116.9	802.5

Source: Office for National Statistics

1 See footnotes on table 1

R1 Revisions to Annual and Quarterly Net Rates of Return of PNFCs

	per cent				
	All PNFCs	UKCS Companies	Non - UKCS PNFCs	Manufacturing Sector PNFCs	Service Sector PNFCs
Year	LRWW	LRXE	LRXP	LRYC	LRYQ
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-0.1	-	-	-	-
Quarter					
1999 Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2000 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2001 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2002 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2003 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2004 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2005 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2006 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2007 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2008 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2009 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2010 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2011 Q1	0.1	0.3	0.1	-	-
Q2	-0.3	-0.3	-0.2	-	-
Q3	-0.2	-0.6	-0.1	-	-
Q4	-0.1	0.6	-0.1	-	0.1
2012 Q1	-0.2	-	-0.2	-	0.1
Q2	-0.3	-0.8	-0.3	-	0.8
Q3	-0.1	-0.3	0.1	-0.1	-

Source: Office for National Statistics

1 Table R1 shows the revisions to the net rates of return which have been made back to quarter one 2011 in line with the UK National Accounts revisions policy. For more information see the background note to this release.



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