

# Profitability of UK Companies, Q1 (January to March) 2015



Coverage: UK

Date: 08 July 2015

Geographical Area: UK

Theme: **Economy**

## Main Points

- Private non-financial corporations' profitability, as measured by their net rate of return, was estimated at 11.9% in Quarter 1 2015, 0.2 percentage points lower than the revised estimate of 12.1% in Quarter 4 2014.
- Manufacturing companies' net rate of return was estimated at 6.8% in Quarter 1 2015, 4.6 percentage points lower than the revised estimate of 11.4% in Quarter 4 2014. This is the lowest estimated rate of return since Quarter 1 2013 when it was 6.1%.
- Service companies' net rate of return was estimated at 18.9% in Quarter 1 2015. This is the highest recorded quarterly estimate since the series began in 1997 and is 0.4 percentage points higher than the previous record in Quarter 3 2014.
- UK Continental Shelf (UKCS) companies' net rate of return was 7.9% in Quarter 1 2015. This was the lowest estimated rate since the series began in 1997. This continued the downward path observed since Quarter 1 2012, reflecting the fall in global oil prices and increasing extraction costs.
- To see the above data in more context, data for earlier periods are shown at Tables 1 and 2, they are also presented in the graphs at Figures 1 to 4.

## About this release

### Understanding Profitability

Profitability, using the net rate of return calculation method, is a common way of measuring the economic success of a company or sector. The rate of return is calculated by expressing the economic gain, or profit, as a percentage of the capital used to produce it. See section 2 of the background notes for a more comprehensive definition.

All estimates in this statistical bulletin are consistent with the [Quarterly National Accounts Quarter 1 \(Jan to Mar\) 2015](#) published on Tuesday 30 June 2015.

## Your Views Matter

We are constantly aiming to improve this release and its associated commentary. We would welcome any feedback you might have, and would be particularly interested in knowing how you make use of these data to inform your work. Please contact us via email: [profitability@ons.gsi.gov.uk](mailto:profitability@ons.gsi.gov.uk) or telephone Eric Crane on +44 (0)1633 455092.

## Notes for Your Views Matter

1. Throughout this release Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December).

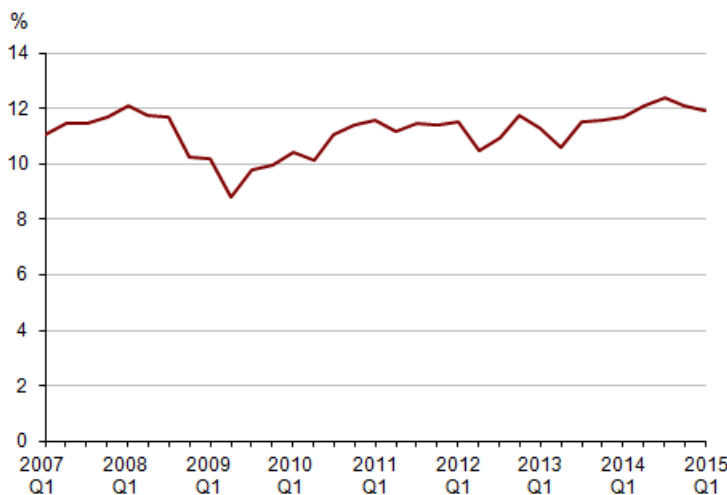
## Net rate of return of private non-financial corporations

The net rate of return of all private non-financial corporations in Quarter 1 2015 was estimated at 11.9%. This compares with the revised estimate of 12.1% for Quarter 4 2014.

As Figure 1 shows, the net rate of return for private non-financial corporations reached its highest point following the economic downturn, in Quarter 3 2014 at 12.4% and was at its lowest level in Quarter 2 2009 at 8.8%.

**Figure 1: Net Rate of Return of private non-financial corporations, Quarter 1 2007 to Quarter 1 2015**

United Kingdom



Source: Office for National Statistics

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(51 Kb)

**Table 1: Annual Net Rate of Return**

United Kingdom

**Net rates of return of UK Private Non-financial Companies**

	Total	Manufacturing	Services	UK Continental Shelf (UKCS)
%				
1997	13.4	14.1	14.3	24.4
1998	12.4	12.0	14.0	20.1
1999	11.5	11.2	12.7	22.5
2000	11.4	10.4	11.7	35.8
2001	9.9	7.7	10.2	34.7
2002	11.1	9.0	11.7	33.5
2003	11.5	8.2	13.3	31.5
2004	11.8	10.0	13.1	29.2
2005	11.7	9.2	12.8	35.1
2006	11.8	8.7	12.6	38.6
2007	11.4	8.0	12.5	35.3
2008	11.4	8.1	12.6	40.3
2009	9.7	5.2	12.1	31.5
2010	10.8	5.6	13.1	39.3
2011	11.4	8.6	13.3	42.1
2012	11.2	7.0	14.4	32.4
2013	11.2	8.2	14.8	26.0
2014	12.0	10.8	16.7	15.3

Table source: Office for National Statistics

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**Table 2: Quarterly Net Rate of Return**

United Kingdom

**Net rates of return of UK Private Non-financial Companies**

	Total	Manufacturing	Services	UK Continental Shelf (UKCS)
%				
2007 Q1	11.1	9.7	11.6	28.0
2007 Q2	11.5	7.7	12.7	28.5
2007 Q3	11.5	7.9	13.2	34.5
2007 Q4	11.7	6.9	12.6	50.5
2008 Q1	12.1	9.4	13.2	46.7
2008 Q2	11.8	10.3	10.9	52.6
2008 Q3	11.7	6.4	13.0	44.1
2008 Q4	10.3	6.4	13.3	17.7
2009 Q1	10.2	5.7	12.7	30.7
2009 Q2	8.8	4.6	11.5	21.4
2009 Q3	9.8	5.2	12.4	29.7
2009 Q4	10.0	5.2	11.8	44.4
2010 Q1	10.4	5.7	12.7	34.5
2010 Q2	10.1	5.6	12.2	36.4
2010 Q3	11.1	5.6	14.1	41.2
2010 Q4	11.4	5.6	13.4	45.1
2011 Q1	11.6	9.2	12.9	45.4
2011 Q2	11.2	9.5	12.7	41.3
2011 Q3	11.5	8.0	14.2	39.1
2011 Q4	11.4	7.6	13.4	42.6
2012 Q1	11.5	7.3	13.9	38.0
2012 Q2	10.5	5.9	13.8	32.6
2012 Q3	10.9	6.1	15.5	29.9
2012 Q4	11.8	8.7	14.3	29.3
2013 Q1	11.3	6.1	15.0	27.5
2013 Q2	10.6	7.0	14.1	26.1

2013 Q3	11.5	9.3	15.9	26.5
2013 Q4	11.6	10.4	14.2	24.0
2014 Q1	11.7	7.9	16.1	21.1
2014 Q2	12.1	13.5	15.5	17.5
2014 Q3	12.4	10.4	18.5	12.4
2014 Q4	12.1	11.4	16.8	10.6
2015 Q1	11.9	6.8	18.9	7.9

**Table source:** Office for National Statistics

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### Notes for Net rate of return of private non-financial corporations

1. Throughout this release Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December).

### Economic Context

According to the Quarterly National Accounts, the UK economy grew by 0.4% in 2015 Q1 when compared to the previous quarter, and by 2.9% when compared to the same quarter a year ago. This was considerably slower than in recent quarters, but despite this the quarterly net rate of return for UK companies in 2015 Q1 was broadly comparable with the previous quarter, falling only slightly from 12.1% to 11.9%.

While the aggregate net rate of return was relatively stable, this masked wide disparities between industries. The net rate of return for manufacturing industries declined markedly, from 11.4% to 6.8%, its lowest level for two years. This was driven mainly by a sharp decline in operating surplus.

While the net rate of return for manufacturing companies is volatile, this represents the steepest decline on record. Growth in the manufacturing industry also declined in the first quarter of 2015, from 0.4% in the previous quarter to 0.1%.

In contrast, net rate of return in the service industries increased from 16.8% in 2014 Q4 to 18.9% in 2015 Q1, which is the highest rate since comparable records began in 1997. The net rate of return in the service industries has been increasing steadily since the first half of 2009. The Confederation of British Industry (CBI) Service Sector Survey reported strong growth in the profitability of consumer services in the three months leading to February, despite profitability remaining flat for business services. The service industries are by far the largest part of the UK economy, and were the fastest growing part in the first quarter of 2015.

The net rate of return for UK Continental Shelf (UKCS) companies has continued to decline, and now stands at 7.9%. Since 2011 Q1, the net rate of return for UKCS companies has fallen in every quarter apart from two.

Despite the weaker economic growth at the start of 2015, business investment grew at 2.0%, faster than the average growth in business investment since the downturn. Ernst and Young have reported that 77 profit warnings were issued by UK quoted companies (Main market and AIM listed) in the first quarter of 2015, three higher than the same period of 2014 but 16 less than the previous quarter. Companies producing oil and gas were responsible for eight warnings.

## Notes for Economic Context

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## Manufacturing and Service Companies, Quarter 1 (Jan to Mar) 2015

### Manufacturing Companies

The estimated net rate of return for manufacturing companies in Quarter 1 2015 was 6.8%. This was 4.6 percentage points lower than Quarter 4 2014.

As Figure 2 highlights, the estimates of net rate of return for the manufacturing sector can be volatile. Variation from one quarter to the next usually reflects the fortunes of a number of the larger companies and is not necessarily an indicator of improving or worsening economic performance across the sector as a whole.

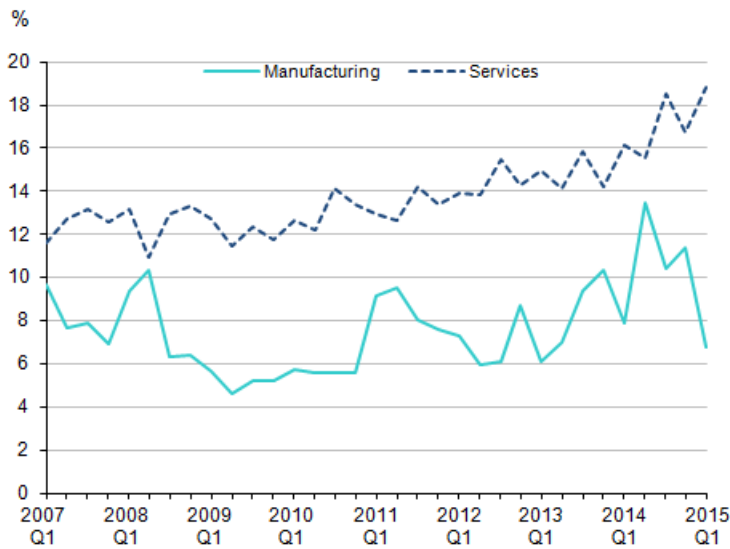
### Service companies

The estimated net rate of return for service companies in Quarter 1 2015 was 18.9%. This was the highest estimated rate since the series began, surpassing the previous highest revised estimate of 18.5% for Quarter 3 2014.

Figure 2 shows the net rate of return for service companies since Quarter 1 2007. The underlying trend in recent years reflects the improving economic recovery.

**Figure 2: Net Rate of Return of Manufacturing and Services Companies, Quarter 1 2007 to Quarter 1 2015**

United Kingdom



Source: Office for National Statistics

### Download chart

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### Notes for Manufacturing and Service Companies, Quarter 1 (Jan to Mar) 2015

1. Throughout this release Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December).

### United Kingdom non-Continental Shelf (UK non-CS) companies, Quarter 1 (Jan to Mar) 2015

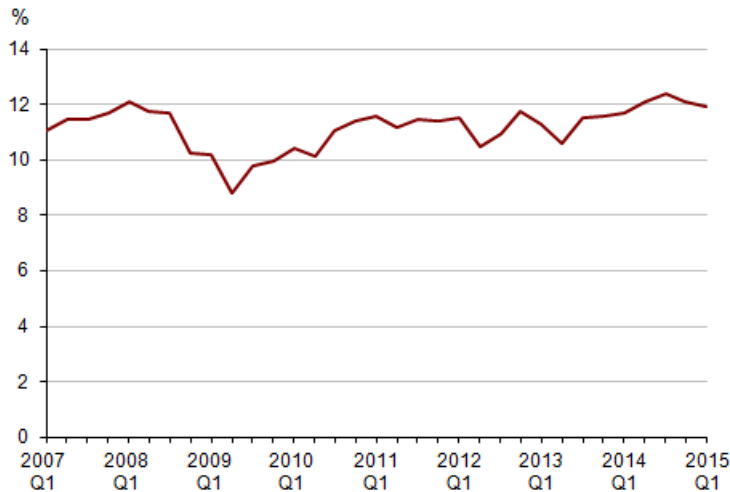
UK non-CS companies comprise manufacturing, service and other UK non-CS companies (such as construction and power supply).

The estimated net rate of return for UK non-CS companies in Quarter 1 2015 was 12.1%. This was down 0.1 percentage points from the revised estimate of 12.2% in Quarter 4 2014.

As the net rate of return of UK non-CS companies makes up the majority of private non-financial corporations, figure 3 shows a comparable picture to that of all private non-financial corporations (Figure 1).

**Figure 3: Net Rate of Return of UK non-CS Companies, Quarter 1 2007 to Quarter 1 2015**

United Kingdom



Source: Office for National Statistics

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

(48 Kb)

**Notes for United Kingdom non-Continental Shelf (UK non-CS) companies, Quarter 1 (Jan to Mar) 2015**

1. Throughout this release Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December).

**United Kingdom Continental Shelf (UKCS) companies, Quarter 1 (Jan to Mar) 2015**

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 1 2015 was 7.9%, the lowest recorded estimated rate since the series began in 1997. This was the fourth consecutive lowest estimate and was 2.7 percentage points lower than the previous quarter. This continuing downward trend reflects the fall in global oil prices observed during the first quarter of 2015.



**Figure 4: Net Rate of Return of UKCS Companies, Quarter 1 2007 to Quarter 1 2015**

United Kingdom



Source: Office for National Statistics

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**Notes for United Kingdom Continental Shelf (UKCS) companies, Quarter 1 (Jan to Mar) 2015**

1. Throughout this release Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December).

**International comparisons**

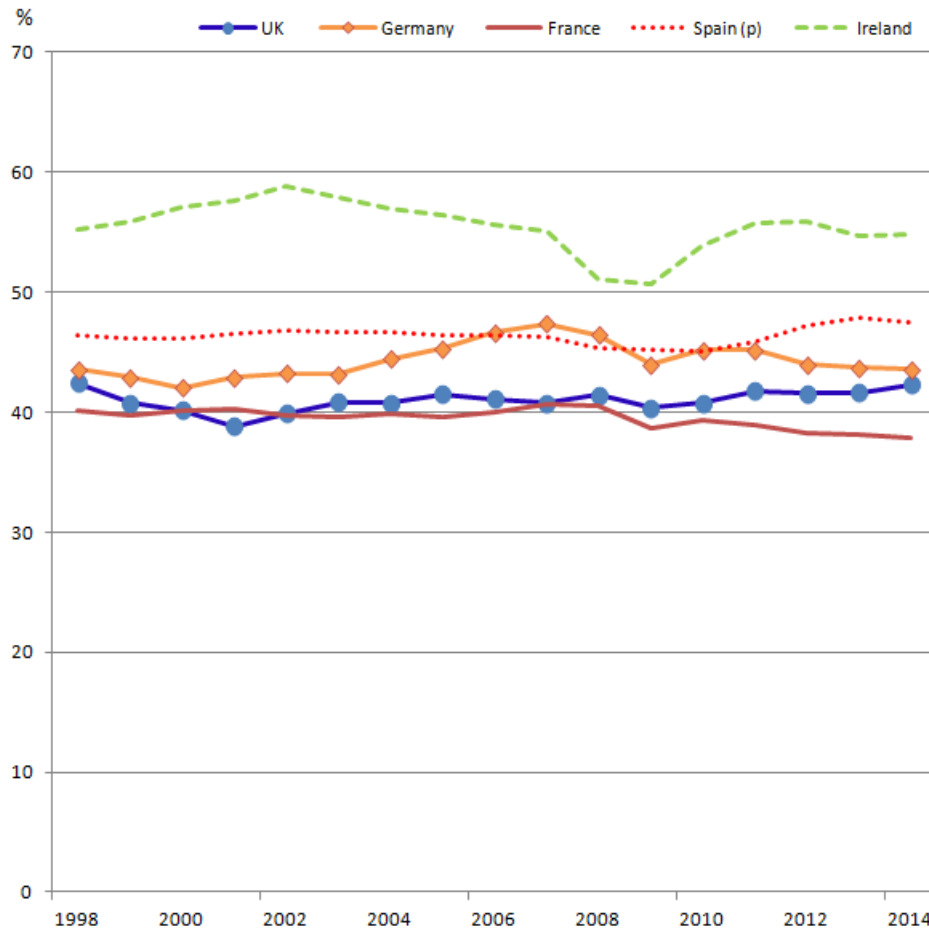
Profitability is a relative measure of profit and what created it. This bulletin shows the rate of return on capital employed. Unfortunately, other countries use a range of different measures, making international comparisons difficult.

Eurostat show comparisons, across the European Union, of the aggregated national profit share defined as Gross Operating Surplus (GOS) plus Mixed Income divided by Gross Value Added (GVA) on a European System of Accounts 2010 (ESA10) basis. GVA is the difference between the cost of inputs (whether capital or labour) and the cost of the output. The difference in the cost is due to the value added by the use of labour and capital. GOS is the income earned from capital.

International data on an ESA10 basis are only available at the aggregate National level, shown for selected countries below (Figure 5).

**Figure 5: International Profit Share 1998 to 2014**

International Comparisons



Source: Office for National Statistics, Eurostat

**Notes:**

1. Please note values for Spain are based on Provisional Eurostat data.

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(32.5 Kb)

The UK aggregated profit share in 2014 was 42.3%, up from 41.6% in 2013. In recent years, the profit share in the UK has moved above that in France, but remains below the share in Germany, Spain and Ireland.

**Notes for International comparisons**

1. Please click on the image to view a larger version.

## Background notes

### 1. What's new

#### Forthcoming changes

Revisions to Capital Stocks and Capital consumption will be incorporated into the next Profitability release in order to remain consistent with Blue Book 2015. This results from:

- i) changes to GFCF investment data which are used in the capital stock model; and
- ii) the re-classification of Network Rail from the private non-financial corporations institutional sector to central government.

Further details are available in the article ['Impact of Blue Book 2015 Changes on Current Price Gross Domestic Product Estimates, 1997 to 2010'](#) published on 12 June 2015.

ONS will also publish an article in September 2015 about methodological changes within the capital stock system.

Similarly, revisions to Gross and Net Operating Surplus are anticipated arising from the incorporation of Blue Book 2015 consistent data.

Revisions to rates of return from Quarter 1 1997 are expected as a result of the above.

#### Revisions

In this release, revisions to the net rates of return for PNFCs have been made back to Quarter 1 2014, and are consistent with the [UK National Accounts revisions policy](#). These incorporate revisions arising from the production of the [Quarterly National Accounts Quarter 1 \(Jan to Mar\) 2015](#).

### 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 period 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 components of the operating surpluses data used in the compilation of the rates of return are the profits data 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 capital stocks and capital consumption data.

## 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 UK non-CS 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 intellectual property products 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. Intellectual property products 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 Quarter 1 2015](#) and the [UK Economic Accounts Quarter 1 2015](#), both published on 30 June 2015.

### 3. Methods

#### Sampling methodology

Details on the methods used for the Quarterly Operating Profits survey are available in the [Quality Methodology Information \(160.1 Kb Pdf\)](#) 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, Consumption of Fixed Capital 2014](#)' publication, which was published on 14 November 2014.

### 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 six months to definitive, comprehensive, HMRC data. The [Quality Methodology Information report \(118.8 Kb Pdf\)](#) for Profitability 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 when the work is completed.

#### Revisions

Table R1 accompanying this bulletin shows the revisions to the net rates of return made back to Quarter 1 2014. These revisions are consistent with the data published in the latest [Quarterly National Accounts Quarter 1 2015](#) statistical bulletin on 30 June 2015.

Estimates for the most recent quarters are provisional and, as usual, are subject to revisions in the light of updated source information consistent with the [National Accounts revisions policy](#). 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.

Further detailed information on all changes to National Accounts can be found [here](#).

[National Accounts articles, Summary of ESA10 and BPM6 changes on Sector and Financial Accounts](#)

[United Kingdom National Accounts, the Blue Book, 2014 Edition](#)

[Capital Stock, Capital Consumption, Impact of the methodological changes to the estimation of capital stocks and consumption of fixed capital](#)

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](#) to the contents of this release.

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10. **Next publication:** 12 November 2015

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**Next Publication Date:**

12 November 2015

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# 1 Annual Rates of Return of Private Non-Financial Corporations<sup>1</sup> - Summary<sup>2</sup>

%										
Year	All Private Non-Financial Corporations <sup>2</sup>		UKCS Companies <sup>3</sup>		UK non-CS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs	
	Gross <sup>4,6</sup> Net <sup>5,6</sup>		Gross <sup>4,6</sup> Net <sup>5,6</sup>		Gross <sup>4,6</sup> Net <sup>5,6</sup>		Gross <sup>4,6</sup> Net <sup>5,6</sup>		Gross <sup>4,6</sup> Net <sup>5,6</sup>	
	LRWV	LRWW	LRXD	LRXE	LRXO	LRXP	LRYP	LRZC	LRYP	LRZQ
1997	12.9	13.4	13.5	24.4	12.9	12.7	13.5	14.1	14.5	14.3
1998	12.2	12.4	11.0	20.1	12.3	11.9	12.4	12.0	14.2	14.0
1999	11.7	11.5	11.9	22.5	11.7	10.8	11.9	11.2	13.4	12.7
2000	11.5	11.4	18.2	35.8	11.0	10.0	11.3	10.4	12.6	11.7
2001	10.6	9.9	17.3	34.7	10.1	8.6	9.8	7.7	11.7	10.2
2002	11.6	11.1	16.6	33.5	11.2	9.9	10.6	9.0	13.1	11.7
2003	11.6	11.5	15.9	31.5	11.3	10.5	10.0	8.2	13.7	13.3
2004	11.8	11.8	15.0	29.2	11.5	10.9	11.0	10.0	13.5	13.1
2005	11.6	11.7	17.9	35.1	11.1	10.5	10.5	9.2	13.1	12.8
2006	11.7	11.8	19.6	38.6	11.1	10.5	10.1	8.7	13.0	12.6
2007	11.4	11.4	18.0	35.3	10.9	10.4	9.6	8.0	12.9	12.5
2008	11.2	11.4	20.4	40.3	10.7	10.2	9.5	8.1	12.7	12.6
2009	10.2	9.7	16.0	31.5	9.9	8.8	7.8	5.2	12.4	12.1
2010	10.9	10.8	19.4	39.3	10.4	9.7	7.9	5.6	13.1	13.1
2011	11.3	11.4	21.3	42.1	10.7	10.2	9.6	8.6	13.2	13.3
2012	11.2	11.2	18.2	32.4	10.8	10.3	8.8	7.0	13.9	14.4
2013	11.2	11.2	16.2	26.0	10.9	10.6	9.5	8.2	14.1	14.8
2014	11.8	12.0	11.9	15.3	11.8	11.9	11.0	10.8	15.4	16.7

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 now on a SIC 2007 basis.
- 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.

- 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 2014 to ensure consistency with the National Accounts.  
  
For more information see the background notes to this release.

## 2 Quarterly Rates of Return of Private Non-Financial Corporations - Summary<sup>1</sup>

Year	All Private Non-Financial Corporations		UKCS Companies		UK non-CS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	LRWV	LRWW	LRXD	LRXE	LRXO	LRXP	LRYP	LRYP	LRYP	LRYP
2007 Q1	11.1	11.1	14.7	28.0	10.9	10.3	10.6	9.7	12.3	11.6
Q2	11.3	11.5	14.8	28.5	11.1	10.7	9.3	7.7	13.0	12.7
Q3	11.4	11.5	17.6	34.5	11.0	10.5	9.4	7.9	13.3	13.2
Q4	11.6	11.7	24.7	50.5	10.7	10.0	8.9	6.9	12.9	12.6
2008 Q1	11.7	12.1	23.1	46.7	10.9	10.6	10.3	9.4	13.1	13.2
Q2	11.4	11.8	25.6	52.6	10.5	10.0	10.9	10.3	11.6	10.9
Q3	11.4	11.7	22.1	44.1	10.7	10.3	8.4	6.4	12.9	13.0
Q4	10.5	10.3	10.5	17.7	10.5	10.0	8.5	6.4	13.1	13.3
2009 Q1	10.5	10.2	15.8	30.7	10.2	9.3	8.1	5.7	12.8	12.7
Q2	9.7	8.8	11.6	21.4	9.6	8.3	7.5	4.6	12.1	11.5
Q3	10.3	9.8	15.2	29.7	10.0	9.0	7.8	5.2	12.7	12.4
Q4	10.4	10.0	21.5	44.4	9.7	8.6	7.7	5.2	12.2	11.8
2010 Q1	10.6	10.4	17.4	34.5	10.2	9.5	8.0	5.7	12.8	12.7
Q2	10.5	10.1	18.2	36.4	10.0	9.1	7.9	5.6	12.5	12.2
Q3	11.1	11.1	20.3	41.2	10.6	9.9	7.9	5.6	13.8	14.1
Q4	11.3	11.4	21.9	45.1	10.7	10.1	7.9	5.6	13.3	13.4
2011 Q1	11.4	11.6	22.3	45.4	10.8	10.3	10.1	9.2	13.0	12.9
Q2	11.1	11.2	20.9	41.3	10.5	10.0	10.2	9.5	12.7	12.7
Q3	11.3	11.5	20.2	39.1	10.8	10.4	9.3	8.0	13.7	14.2
Q4	11.3	11.4	21.8	42.6	10.7	10.2	9.1	7.6	13.3	13.4
2012 Q1	11.4	11.5	20.3	38.0	10.9	10.5	8.9	7.3	13.6	13.9
Q2	10.8	10.5	18.2	32.6	10.3	9.6	8.1	5.9	13.6	13.8
Q3	11.0	10.9	17.1	29.9	10.7	10.2	8.2	6.1	14.6	15.5
Q4	11.5	11.8	17.0	29.3	11.2	11.0	9.8	8.7	13.9	14.3
2013 Q1	11.2	11.3	16.6	27.5	10.9	10.6	8.2	6.1	14.2	15.0
Q2	10.8	10.6	16.2	26.1	10.5	9.9	8.8	7.0	13.6	14.1
Q3	11.4	11.5	16.4	26.5	11.1	10.9	10.2	9.3	14.8	15.9
Q4	11.4	11.6	15.5	24.0	11.2	11.0	10.7	10.4	13.7	14.2
2014 Q1	11.5	11.7	14.4	21.1	11.4	11.3	9.3	7.9	15.0	16.1
Q2	11.8	12.1	12.8	17.5	11.7	11.8	12.6	13.5	14.6	15.5
Q3	12.0	12.4	10.4	12.4	12.1	12.4	10.8	10.4	16.5	18.5
Q4	11.8	12.1	9.8	10.6	11.9	12.2	11.4	11.4	15.5	16.8
2015 Q1	11.8	11.9	8.6	7.9	11.9	12.1	8.7	6.8	16.9	18.9

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	% 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	12.9	13.4	198.6	69.7	128.9	1,538.6	958.4
1998	12.2	12.4	191.4	70.7	120.7	1,565.7	975.5
1999	11.7	11.5	191.3	73.5	117.7	1,638.7	1,020.4
2000	11.5	11.4	200.4	76.4	124.0	1,741.8	1,086.1
2001	10.6	9.9	194.0	80.4	113.6	1,823.3	1,142.3
2002	11.6	11.1	209.3	82.5	126.8	1,805.9	1,143.0
2003	11.6	11.5	224.6	84.4	140.1	1,934.6	1,216.1
2004	11.8	11.8	234.8	86.3	148.5	1,997.7	1,253.8
2005	11.6	11.7	245.9	89.6	156.4	2,126.7	1,337.5
2006	11.7	11.8	259.3	94.2	165.0	2,221.9	1,399.8
2007	11.4	11.4	265.6	96.7	168.9	2,340.0	1,477.3
2008	11.2	11.4	280.9	100.4	180.5	2,499.4	1,577.6
2009	10.2	9.7	256.4	104.0	152.4	2,509.5	1,573.7
2010	10.9	10.8	273.0	104.7	168.3	2,506.0	1,562.5
2011	11.3	11.4	292.1	107.7	184.4	2,595.4	1,616.0
2012	11.2	11.2	291.4	109.9	181.5	2,606.4	1,624.2
2013	11.2	11.2	301.2	112.8	188.3	2,690.2	1,677.2
2014	11.8	12.0	324.0	116.6	207.4	2,752.5	1,721.5

See footnotes on Table 1

## 4 Rates of Return of UK Continental Shelf Companies

Year	% Rate of Return		£ billion				
	Gross LRXD	Net <sup>1</sup> LRXE	Gross Operating Surplus LRWX	Capital Consumption BGYB	Net Operating Surplus LRWY	Capital Employed	
						Gross LRXB	Net LRXC
1997	13.5	24.4	15.6	0.8	14.8	115.3	60.8
1998	11.0	20.1	12.6	0.6	11.9	114.8	59.4
1999	11.9	22.5	14.3	0.6	13.6	120.2	60.6
2000	18.2	35.8	23.1	1.1	22.0	126.6	61.3
2001	17.3	34.7	21.8	1.1	20.7	126.1	59.7
2002	16.6	33.5	20.9	1.1	19.8	126.0	59.0
2003	15.9	31.5	20.5	1.5	19.0	129.1	60.5
2004	15.0	29.2	19.8	1.8	18.0	131.7	61.5
2005	17.9	35.1	24.9	2.5	22.4	139.3	63.8
2006	19.6	38.6	27.6	3.2	24.4	140.8	63.3
2007	18.0	35.3	25.9	3.3	22.6	144.1	64.0
2008	20.4	40.3	30.3	4.1	26.2	148.7	65.0
2009	16.0	31.5	23.1	3.6	19.5	144.2	61.9
2010	19.4	39.3	27.0	3.9	23.1	138.8	58.7
2011	21.3	42.1	30.2	4.7	25.5	141.8	60.6
2012	18.2	32.4	25.4	5.4	20.1	139.9	61.9
2013	16.2	26.0	23.4	6.0	17.4	144.7	66.9
2014	11.9	15.3	17.4	6.6	10.9	147.2	70.8

<sup>1</sup> 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 UK non-CS PNFCs

Year	% 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	12.9	12.7	183.0	68.9	114.1	1,423.3	897.6
1998	12.3	11.9	178.8	70.1	108.7	1,450.9	916.2
1999	11.7	10.8	177.0	72.9	104.1	1,518.5	959.8
2000	11.0	10.0	177.4	75.3	102.0	1,615.2	1,024.7
2001	10.1	8.6	172.2	79.3	92.9	1,697.2	1,082.6
2002	11.2	9.9	188.4	81.4	107.0	1,680.0	1,083.9
2003	11.3	10.5	204.0	82.9	121.1	1,805.4	1,155.6
2004	11.5	10.9	215.0	84.5	130.5	1,866.0	1,192.4
2005	11.1	10.5	221.0	87.0	134.0	1,987.4	1,273.7
2006	11.1	10.5	231.6	91.1	140.6	2,081.1	1,336.5
2007	10.9	10.4	239.7	93.4	146.3	2,195.9	1,413.2
2008	10.7	10.2	250.6	96.3	154.3	2,350.7	1,512.6
2009	9.9	8.8	233.4	100.4	133.0	2,365.4	1,511.8
2010	10.4	9.7	246.0	100.8	145.2	2,367.2	1,503.8
2011	10.7	10.2	261.9	103.1	158.8	2,453.6	1,555.4
2012	10.8	10.3	266.0	104.5	161.4	2,466.6	1,562.3
2013	10.9	10.6	277.8	106.8	170.9	2,545.5	1,610.2
2014	11.8	11.9	306.5	110.0	196.5	2,605.4	1,650.7

See footnotes on Table 1

## 6 Rates of Return of Manufacturing Sector PNFCs

Year	% Rate of Return		£ billion				
	Gross	Net	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Capital Employed	
						Gross	Net
LRYB	LRYC	LRXR	BGYI	LRXS	LRXZ	LRYA	
1997	13.5	14.1	51.2	17.9	33.3	378.5	237.2
1998	12.4	12.0	45.6	18.0	27.6	367.2	230.5
1999	11.9	11.2	44.8	18.4	26.4	375.2	235.1
2000	11.3	10.4	44.5	19.0	25.5	392.6	246.0
2001	9.8	7.7	38.8	19.6	19.2	396.6	249.8
2002	10.6	9.0	41.6	19.5	22.1	391.4	246.7
2003	10.0	8.2	39.2	19.1	20.1	391.9	246.1
2004	11.0	10.0	43.0	18.6	24.4	389.8	243.9
2005	10.5	9.2	43.4	19.4	24.0	413.7	261.1
2006	10.1	8.7	43.9	19.9	24.0	432.8	274.8
2007	9.6	8.0	42.8	20.2	22.6	448.0	282.3
2008	9.5	8.1	45.9	21.4	24.5	483.0	303.0
2009	7.8	5.2	37.8	22.3	15.5	485.5	299.5
2010	7.9	5.6	38.6	22.0	16.6	486.0	296.5
2011	9.6	8.6	48.7	22.6	26.1	504.7	304.9
2012	8.8	7.0	44.4	23.1	21.4	507.5	305.0
2013	9.5	8.2	49.2	23.8	25.3	519.1	308.8
2014	11.0	10.8	58.4	24.5	33.9	529.3	314.0

1 See footnotes on table 1

## 7 Rates of Return of Service Sector PNFCs

Year	% Rate of Return		£ billion				
	Gross	Net	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Capital Employed	
						Gross	Net
LRYB	LRYC	LRYF	BGYK	LRYG	LRYN	LRYO	
1997	14.5	14.3	111.6	43.4	68.3	771.2	478.5
1998	14.2	14.0	113.5	44.1	69.3	799.2	495.9
1999	13.4	12.7	112.3	46.2	66.1	841.2	522.1
2000	12.6	11.7	112.9	47.7	65.2	896.9	559.5
2001	11.7	10.2	111.6	50.6	61.0	950.9	596.9
2002	13.1	11.7	121.3	52.4	68.9	922.5	590.2
2003	13.7	13.3	140.8	54.1	86.7	1,029.0	650.8
2004	13.5	13.1	145.0	55.9	89.2	1,077.0	680.8
2005	13.1	12.8	150.3	57.2	93.1	1,144.6	725.5
2006	13.0	12.6	156.0	60.0	96.1	1,197.1	760.5
2007	12.9	12.5	163.0	61.7	101.4	1,265.4	808.2
2008	12.7	12.6	171.2	62.4	108.8	1,352.2	863.9
2009	12.4	12.1	169.7	64.7	105.0	1,363.5	868.7
2010	13.1	13.1	179.2	65.4	113.9	1,369.8	870.3
2011	13.2	13.3	186.4	66.5	119.9	1,415.3	900.8
2012	13.9	14.4	197.1	67.2	129.9	1,418.1	902.9
2013	14.1	14.8	204.7	67.7	137.1	1,455.7	927.2
2014	15.4	16.7	228.0	69.9	158.2	1,481.1	944.6

1 See footnotes on table 1

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

	%				
Year	All PNFCs	UKCS Companies	UK non -CS PNFCs	Manufacturing Sector PNFCs	Service Sector PNFCs
	LRWW	LRXE	LRXP	LRYC	LRXQ
1997	0.0	0.0	0.0	0.0	0.0
1998	0.0	0.0	0.0	0.0	0.0
1999	0.0	0.0	0.0	0.0	0.0
2000	0.0	0.0	0.0	0.0	0.0
2001	0.0	0.0	0.0	0.0	0.0
2002	0.0	0.0	0.0	0.0	0.0
2003	0.0	0.0	0.0	0.0	0.0
2004	0.0	0.0	0.0	0.0	0.0
2005	0.0	0.0	0.0	0.0	0.0
2006	0.0	0.0	0.0	0.0	0.0
2007	0.0	0.0	0.0	0.0	0.0
2008	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0
Quarter					
2007 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2008 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2009 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2010 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2011 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2012 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2013 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2014 Q1	0.1	0.4	0.1	0.1	0.1
Q2	0.1	0.1	0.1	0.1	0.1
Q3	0.1	-0.1	0.1	0.1	0.1
Q4	0.2	0.2	0.2	0.2	0.2

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 2014 in line with the UK National Accounts revisions policy. For more information see the background note to this release.

**Next publication: Thursday 12th November 2015**

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