

Statistical bulletin

Profitability of UK companies: July to September 2016

The net rate of return on capital employed for UK private non-financial corporations related to their UK operations.



Contact:
Eric Crane
profitability@ons.gsi.gov.uk
+44 (0)1633 455092

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1 . Main points

- The rate of return is the economic gain (profit) shown as a percentage of the capital used in production. “Net” means the rate of return excluding capital consumed.
- The net rate of return for UK private non-financial corporations (PNFCs) was estimated at 12.2% for Quarter 3 (July to Sept) of 2016, down 0.1 percentage points from Quarter 2 (Apr to Jun) 2016 (12.3%).
- In Quarter 3 2016, the net rate of return for UK Continental Shelf (UKCS) companies rose to 1.6% after reaching a low of 0.6% in Quarter 2 2016.
- Manufacturing companies’ net rate of return reduced from 13.0% in Quarter 2 2016 to 12.0% in Quarter 3 2016.
- For services companies, the estimated net rate of return was 18.7% in Quarter 3 2016 – up 0.7 percentage points from Quarter 2 2016 (18.0%).
- This release reports on the period of Quarter 3 (July to Sept) 2016, which is the first full quarter since the EU referendum.

2 . Understanding profitability

Profitability is measured using companies’ net rate of return to illustrate the economic success of the private non-financial corporations (PNFC) sector as a whole. For a more comprehensive definition of net rate of return, see the background notes section of this bulletin.

Revisions to the net rate of return for PNFCs have been made back to Quarter 1 (Jan to Mar) 2015 and are consistent with the Quarterly National Accounts Quarter 3 (July to Sept) 2016, published on 23 December 2016.

3 . Net rate of return of private non-financial corporations

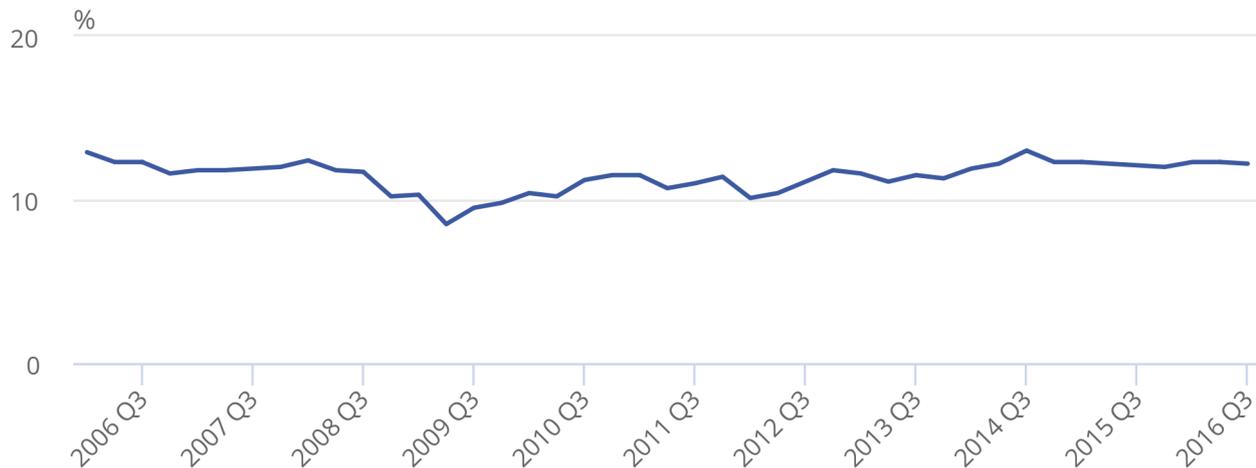
The net rate of return for private non-financial corporations (PNFCs) as a whole fell slightly in Quarter 3 (July to Sept) 2016, from 12.3% in Quarter 2 (Apr to Jun) 2016 to 12.2%.

Figure 1: Net rate of return for private non-financial corporations, Quarter 3 (July to Sept) 2006 to Quarter 3 2016

UK

Figure 1: Net rate of return for private non-financial corporations, Quarter 3 (July to Sept) 2006 to Quarter 3 2016

UK



Source: Office for National Statistics

Notes:

1. 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).

4 . UK continental shelf (UKCS) companies

UK continental shelf (UKCS) companies engage in oil and natural gas exploration or extraction. This only includes companies operating in the UK continental shelf – the area where the UK claims mineral rights beyond the territorial sea. Owing to the nature of the industry, UKCS companies tend to be very capital-intensive, meaning they require a lot of financial resources and report high levels of depreciation and fixed assets. For this reason, the net rate of return for this sector is not directly comparable with other industries.

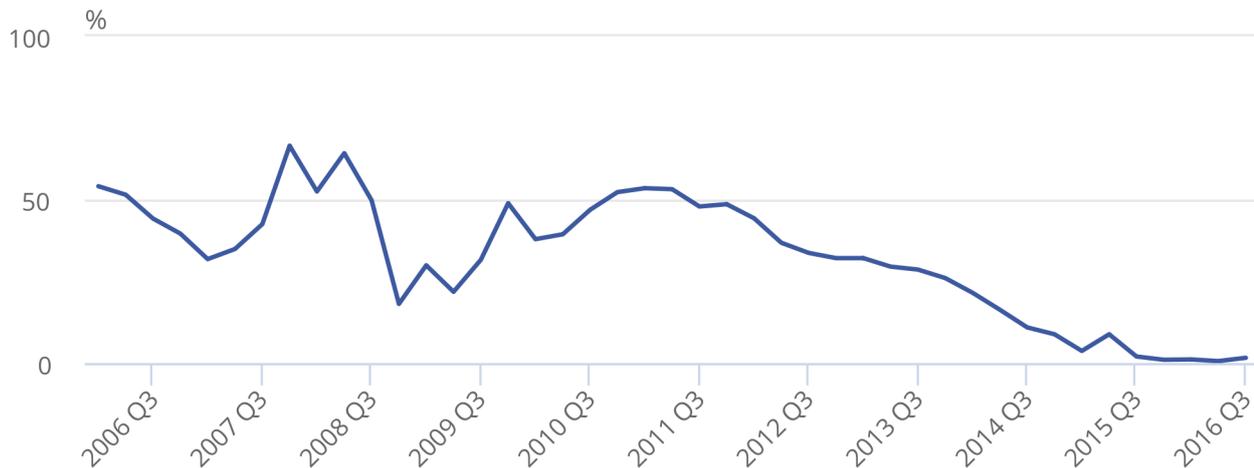
The Quarter 3 (July to Sept) 2016 estimate of 1.6% indicates a recovery in UKCS companies' net rate of return after a record low in Quarter 2 (Apr to Jun) 2016 of 0.6%, reflecting a volatile market affected by a rise in oil prices.

Figure 2: Net rate of return for UK continental shelf companies, Quarter 3 (July to Sept) 2006 to Quarter 3 2016

UK

Figure 2: Net rate of return for UK continental shelf companies, Quarter 3 (July to Sept) 2006 to Quarter 3 2016

UK



Source: Office for National Statistics

Notes:

1. 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).

5 . Non-United Kingdom continental shelf companies

Non-UK continental shelf (non-UKCS) companies are those in manufacturing, services and other non-continental shelf industries (such as construction and power supply). They make the majority share of the overall private non-financial corporations (PNFC) net rate of return.

Non-UKCS companies' profitability in Quarter 3 (July to Sept) 2016 was estimated at 12.6%, down 0.2 percentage points from the Quarter 2 (Apr to Jun) 2016 estimate of 12.8%.

Figure 3: Net rate of return for non-UK continental shelf companies, Quarter 3 (July to Sept) 2006 to Quarter 3 2016

UK

Figure 3: Net rate of return for non-UK continental shelf companies, Quarter 3 (July to Sept) 2006 to Quarter 3 2016

UK



Source: Office for National Statistics

Notes:

1. 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).

The annual net rate of return in 2015 for non-UKCS companies was 12.5%, a 0.2% increase from 2014 and the highest annual rate since 1998 (13.8%).

Manufacturing and services

The separation of manufacturing companies from services companies provides a clearer understanding of not only the individual industries' economic activity, but also the impact of each industry on the overall UK economy. The profitability data show a trend where services companies report a stronger net rate of return than manufacturing companies.

Manufacturing companies

The profitability of manufacturing companies in the UK, based on estimated net rate of return, fell in Quarter 3 (July to Sept) 2016 to 12.0% from 13.0% in Quarter 2 (Apr to Jun) 2016, a fall of 1.0 percentage points.

Services companies

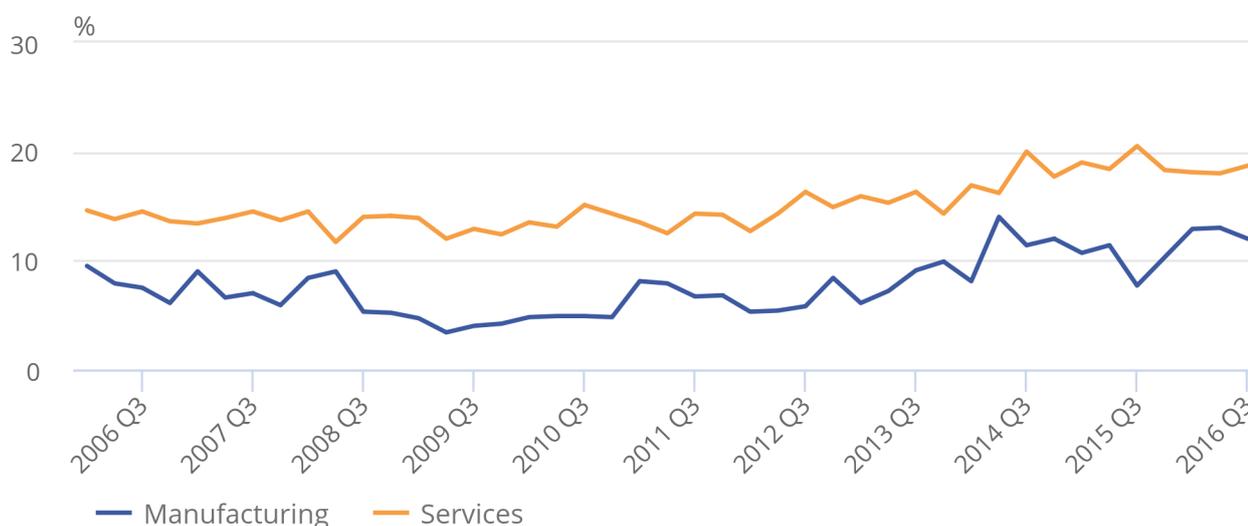
Services companies reported a more promising net rate of return than those in the manufacturing industry, rising from 18.0% in Quarter 2 2016 to 18.7% in Quarter 3 2016.

Figure 4: Net rate of return of manufacturing and services companies, Quarter 3 (July to Sept) 2006 to Quarter 3 2016

UK

Figure 4: Net rate of return of manufacturing and services companies, Quarter 3 (July to Sept) 2006 to Quarter 3 2016

UK



Source: Office for National Statistics

Notes:

1. 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).

Figure 4 shows the difference in profitability levels between manufacturing companies and services companies. Services companies contribute a larger proportion to the overall UK economic growth than manufacturing companies.

6 . Economic context

Between Quarter 2 (Apr to Jun) 2016 and Quarter 3 (July to Sep) 2016, the net rate of return of UK companies fell slightly from 12.3% to 12.2%, though it remained above the average profitability rate seen over the previous year (in 2015 the calendar year rate was 12.1%). The downward movement coincided with broadly unchanged economic conditions. [Gross domestic product \(GDP\) grew by 0.6%](#) in Quarter 3 2016, following the same growth rate of 0.6% in Quarter 2 2016, while the rate of [business investment growth](#), an important indicator of business confidence, moderated to 0.4% in Quarter 3 2016 from 1.2% in Quarter 2 2016.

The net rate of return for manufacturing industries fell from 13.0% to 12.0%. This decline in profitability coincided with a [decline in manufacturing output](#), of 0.8% in Quarter 3 2016, following an increase in output in Quarter 2 2016 (of 1.6%). By contrast, the net rate of return in the services industries rose to 18.7% in Quarter 3 2016 from 18.0% in the previous quarter. The service industries are by far the largest industrial grouping in the UK economy – constituting 78.8% of [whole economy gross value added](#). In Quarter 3 2016, services companies continued to drive overall GDP growth. They contributed 0.8 percentage points to GDP growth, which was slightly offset by contractions in production and construction.

The net rate of return for UK Continental Shelf (UKCS) companies – which are mainly involved with the extraction of oil and gas from the North Sea – rose sharply from 0.6% in Quarter 2 2016 to 1.6% in Quarter 3 2016. Gross profits rose by 9% from Quarter 2 to Quarter 3 2016, reflecting the rise in oil prices in recent months, while net capital employed rose 4%. Although profits are deemed volatile there have been some improvements in this industry, with [output growth in the extraction of crude petroleum and natural gas industries](#) rising 5% in Quarter 3 2016 following a 2.9% increase in Quarter 2.

According to [Ernst and Young](#), UK companies issued 68 profit warnings in Quarter 3 2016 (2 more than the last quarter but 11 fewer than the same period last year). Support services and general retailers were the FTSE sectors with the most profit warnings in Quarter 3 2016 (12 and 6 warnings respectively).

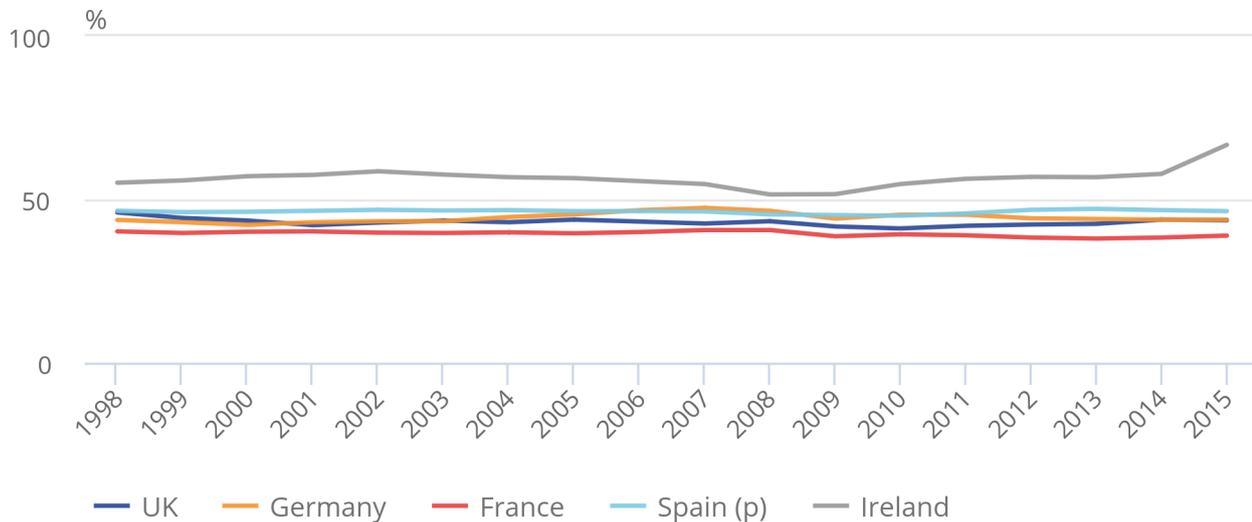
7 . International comparisons

Making international comparisons of profitability is problematic. Whilst in the UK we measure the rate of return on capital employed, other countries use a range of methods to calculate profitability. For this reason, aggregated national profit shares are more practical for making international comparisons. Note that national profit shares used for international comparisons represent the profitability of all profit-making sectors, whereas the rest of this bulletin reports private non-financial corporations (PNFC) profitability alone.

The aggregated national profit share follows the European System of Accounts 2010 (ESA10) guidance, comprising gross operating surplus (GOS) plus mixed income (income made by self-employed and other non-incorporated businesses), divided by gross value added (GVA). GOS is the income earned by the capital factor in production. GVA is determined by the difference between the cost of inputs and outputs, or the value added by the use of labour and capital.

Figure 5: National profit share for selected countries, 1998 to 2015

Figure 5: National profit share for selected countries, 1998 to 2015



Source: Office for National Statistics and Eurostat

International profit share data from Eurostat remain unchanged from the last quarterly bulletin; however the UK data have been revised in line with the Quarterly National Accounts. Based on this, international profit shares indicate that, in 2015, the UK and Germany both reported 44%, Spain slightly higher at 46% and France still lowest with 39%. Ireland remained at the top with 67% aggregate national profit share.

8 . Your views matter

We are constantly aiming to improve this release and its associated commentary. We welcome any feedback and are particularly interested in knowing how you use the data to inform your work. Contact us via email at profitability@ons.gov.uk or telephone Eric Crane on +44 (0)1633 455092.

9 . Quality and methodology

The [Profitability of UK companies](#) and [Quarterly Operating Profits Survey](#) Quality and Methodology Information documents contain important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

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 Stock, Capital Consumption, Methodological changes to the estimation of capital stocks and consumption of fixed capital](#) publication, published on 5 August 2016.

10. Background notes

1. Understanding the data

This bulletin reports the rates of return for private non-financial companies (PNFCs) operating in the UK for both annual and quarterly periods. The data shows the split between UK Continental Shelf (UKCS) and UK non-CS companies, and for the manufacturing and service industries.

Gross rate of return is calculated as gross operating surplus (GOS) divided by gross capital employed (the “as new” replacement cost). Net rate of return is net operating surplus (gross less capital consumed) divided by net capital employed (the “like for like” replacement cost).

Two main sources are used to derive operating surplus data used for calculating rates of return. The first is the Quarterly Operating Profits Survey (QOPS) which we collected; then capital data used to calculate rates of return are based upon capital stocks and capital consumption data.

2. Definitions and explanations

Private non-financial corporations (PNFCs)

These are comprised of UK continental shelf (UKCS) companies, manufacturing companies, non-financial services industries companies and others (including construction, electricity and gas supply, agriculture, mining and quarrying). UKCS companies are those involved in the exploration for, and the extraction of, oil and natural gas in the UK.

Gross operating surplus (GOS)

GOS consists of gross trading profits, plus income from rental of buildings, less inventory holding gains.

Net operating surplus (NOS)

Estimates of net operating surplus start with GOS but subtract the consumption of fixed capital (depreciation). The consumption of fixed capital is derived from capital stock and covers the depreciation of fixed assets across their service lives.

Gross trading profits

These 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

These are the changes in the value of inventories only caused by price. Book values (the value of a security or asset according to a firm's books) are deflated to constant prices (with the effect of inflation removed), and the constant price book value change (the difference between the value at the end of the period and the beginning) is estimated. This book value change is then reflat to give estimates of changes in inventories in current prices. This removes the effect of price changes between the 2 periods, which are the holding gains.

Capital stock and capital employed

Capital stock represents the value of all fixed assets used in production in the economy that are still in use such as machinery, dwellings and intellectual property products (for example, software). Capital employed is the average value of capital stock during a given period, plus the value of inventories. 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.

Gross and net capital stock

Gross capital stock is how much the economy's assets would cost to replace as new. Estimates of net capital stock are net of accumulated consumption of fixed capital; that is, they are a measure of the written down replacement costs of fixed assets. A way of thinking about this is to consider a car owned by a household, which was bought as new. A reasonable estimate of gross capital stock would be the cost of replacing the car with a new one. Net capital stock would be the value of the car at the current time (with wear and tear).

3. 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 for Quarter 3 (July to Sept) 2016, published on 23 December 2016.

4. Revisions

Revisions to rates of return have been incorporated in this release from Quarter 1 (Jan to Mar) 2015 to ensure consistency with Quarterly National Accounts for Quarter 3 (July to Sept) 2016. Revisions to the time series are presented in Table R1 accompanying this bulletin.

Table R1 accompanying this bulletin shows the revisions to the net rates of return made back to Quarter 1 (Jan to Mar) 2015. These revisions are consistent with the data in the Quarterly National Accounts for Quarter 3 (July to Sept) 2016, published on 23 December 2016.

Estimates for the most recent quarters are provisional and are subject to revisions through updated source information, consistent with the National Accounts revisions policy. We have a web page dedicated to [revisions to economic statistics](#) which brings together our work on revisions analysis, links to relevant documentation and revisions policies.

Further detailed information on all changes to National Accounts can be found at:

- [National Accounts changes: impact on real GDP 1997-2011](#)
- [National Accounts articles: The UK Flow of Funds Project: improvements to the Sector and Financial Accounts](#)
- [UK National Accounts, Quarterly National Accounts Quarter 3 2016](#)
- [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.

[National Statistics](#) are produced to high professional standards set out in the [Code of Practice for Official Statistics](#). They undergo regular quality assurance reviews to ensure that they meet customer needs, and are produced free from any political interference.

7. Accessing data

Data produced for this bulletin are available to view and download in electronic format through our time series data. The full bulletin is downloadable in a choice of zipped formats. Individual sections are also online for viewing and downloading.

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

Percentage

Year	All Private Non-Financial Corporations ²		UKCS Companies ³		UK non-CS 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	LRYC	LRYP	LRYQ
1997	13.6	14.5	10.6	9.9	13.9	14.8	12.8	13.6	16.3	18.8
1998	12.9	13.4	8.9	7.2	13.3	13.8	11.3	11.2	17.0	18.3
1999	12.2	12.2	10.7	11.8	12.4	12.3	10.7	10.1	15.6	16.1
2000	12.0	12.1	16.7	26.7	11.6	11.3	10.3	9.4	14.7	14.7
2001	11.0	10.4	16.4	27.5	10.6	9.6	8.7	6.9	13.4	12.6
2002	11.7	11.3	16.2	27.3	11.4	10.6	9.4	7.9	14.3	13.5
2003	11.8	11.6	16.1	27.4	11.5	11.0	8.7	7.1	14.9	14.9
2004	11.9	12.0	16.5	29.0	11.7	11.4	9.5	8.7	14.6	14.4
2005	12.0	12.2	20.3	39.5	11.5	11.3	9.3	8.3	14.5	14.6
2006	12.0	12.3	23.6	47.4	11.4	11.1	9.0	7.8	14.2	14.1
2007	11.7	11.9	22.5	44.0	11.1	10.9	8.5	7.1	13.9	13.9
2008	11.3	11.5	23.6	46.2	10.7	10.4	8.3	7.0	13.4	13.6
2009	10.1	9.5	18.7	33.0	9.7	8.8	6.8	4.1	12.9	12.8
2010	10.8	10.8	23.4	44.1	10.3	9.9	7.1	4.9	13.6	14.0
2011	11.0	11.1	27.2	50.7	10.3	9.9	8.5	7.4	13.2	13.6
2012	10.8	10.8	22.6	36.6	10.2	10.0	7.8	6.2	13.7	14.6
2013	11.0	11.4	20.2	29.0	10.6	10.7	8.7	8.1	14.2	15.5
2014	11.7	12.4	13.7	14.2	11.6	12.3	10.5	11.4	15.6	17.7
2015	11.5	12.1	8.1	3.9	11.6	12.5	9.8	10.0	16.4	19.1

Source: Office for National Statistics

- 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).
- Underlying data are presented in tables 3 to 7. Background notes to this release and all footnotes in Table 1 apply to all tables.
- UKCS companies are defined as those involved in the exploration for and production of oil and natural gas from the UK Continental Shelf.
- 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
- 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.
Revisions have been made back to quarter 1 2015 to ensure consistency with the Quarterly National Accounts for 2016 Q3

For more information see the background notes to this release.

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

Year	All Private Non-Financial Corporations		UKCS Companies		UK non-CS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs		Percentage
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
	LRWV	LRWW	LRXD	LRXE	LRXO	LRXP	LRYP	LRYS	LRYP	LRYS	
1997 Q1	13.1	13.8	12.3	12.5	13.2	13.9	12.8	13.1	14.3	17.3	
Q2	13.5	14.3	9.7	8.3	13.9	14.8	12.6	13.3	15.9	19.1	
Q3	14.1	15.2	10.2	9.5	14.4	15.7	13.1	14.2	18.1	20.0	
Q4	13.6	14.5	10.1	9.4	14.0	14.9	12.8	13.7	17.4	19.0	
1998 Q1	13.3	14.0	9.5	8.4	13.7	14.5	11.8	11.9	16.7	17.9	
Q2	13.1	13.8	9.2	7.9	13.5	14.2	12.6	13.3	17.0	18.4	
Q3	12.3	12.4	8.5	6.5	12.6	12.8	10.1	9.2	16.9	18.2	
Q4	12.8	13.3	8.2	5.9	13.2	13.8	10.7	10.2	17.3	18.8	
1999 Q1	12.7	13.1	8.1	6.0	13.2	13.6	11.5	11.5	15.8	16.4	
Q2	11.9	11.7	9.4	9.0	12.1	11.9	11.5	11.3	15.1	15.3	
Q3	12.1	12.1	12.5	15.7	12.1	11.9	9.9	8.7	16.1	16.7	
Q4	12.2	12.1	13.0	17.2	12.1	11.8	10.0	8.8	15.6	15.9	
2000 Q1	12.5	12.7	14.8	21.6	12.3	12.2	11.5	11.5	14.5	14.4	
Q2	12.2	12.3	16.2	25.4	11.8	11.6	11.2	11.0	14.8	14.9	
Q3	11.9	12.0	17.4	28.4	11.5	11.1	9.9	8.9	15.5	16.1	
Q4	11.5	11.2	18.7	31.8	11.0	10.2	8.6	6.5	13.8	13.3	
2001 Q1	10.5	9.7	17.8	30.3	10.0	8.7	9.0	7.3	11.6	10.0	
Q2	11.2	10.8	17.7	30.5	10.8	9.9	9.3	7.8	13.6	13.1	
Q3	11.1	10.5	15.7	26.1	10.7	9.8	8.5	6.6	14.1	13.7	
Q4	11.2	10.7	14.3	22.7	11.0	10.2	8.1	5.8	14.1	13.7	
2002 Q1	11.7	11.4	14.7	23.6	11.5	10.9	11.1	10.8	12.9	11.6	
Q2	11.8	11.4	16.1	27.0	11.5	10.7	9.7	8.3	13.7	12.6	
Q3	11.7	11.2	15.5	25.4	11.5	10.6	8.9	7.1	15.4	15.0	
Q4	11.6	11.2	18.5	33.4	11.2	10.2	7.9	5.5	15.3	15.0	
2003 Q1	11.5	11.1	18.0	32.0	11.1	10.2	8.1	5.9	14.1	13.3	
Q2	11.4	11.2	13.7	21.4	11.2	10.7	8.7	7.1	14.5	14.5	
Q3	12.1	12.2	16.0	27.3	11.9	11.6	8.7	7.1	16.3	17.0	
Q4	12.1	12.1	16.7	29.1	11.8	11.4	9.4	8.2	14.8	14.7	
2004 Q1	11.9	11.8	15.8	27.2	11.6	11.2	9.8	9.0	14.2	13.8	
Q2	12.2	12.4	15.5	26.6	12.0	11.9	9.9	9.4	15.0	15.2	
Q3	12.1	12.2	17.3	31.6	11.8	11.5	9.4	8.5	15.1	15.1	
Q4	11.6	11.5	17.1	30.9	11.3	10.8	9.1	7.8	14.0	13.7	
2005 Q1	11.5	11.5	18.7	35.3	11.0	10.6	9.2	8.2	13.3	12.9	
Q2	11.9	12.2	19.7	38.0	11.4	11.3	9.7	9.1	13.7	13.6	
Q3	12.2	12.6	20.7	40.4	11.7	11.6	9.4	8.5	15.4	15.9	
Q4	12.3	12.6	22.3	44.2	11.7	11.6	8.8	7.4	15.6	16.2	

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

continued over

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

Year	All Private Non-Financial Corporations		UKCS Companies		UK non-CS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs		Percentage
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
	LRWV	LRWW	LRXD	LRXE	LRXO	LRXP	LRYP	LRYS	LRYP	LRYS	
2006 Q1	12.5	12.9	26.1	54.1	11.7	11.5	10.1	9.5	14.6	14.6	
Q2	12.0	12.3	25.2	51.5	11.3	11.0	9.1	7.9	13.9	13.8	
Q3	12.0	12.3	22.4	44.2	11.4	11.2	8.8	7.5	14.4	14.5	
Q4	11.6	11.6	20.7	39.6	11.1	10.7	8.0	6.1	13.9	13.6	
2007 Q1	11.7	11.8	17.7	31.8	11.3	11.1	9.6	9.0	13.6	13.4	
Q2	11.6	11.8	18.9	34.9	11.2	11.0	8.2	6.6	13.9	13.9	
Q3	11.7	11.9	21.9	42.5	11.2	11.0	8.4	7.0	14.4	14.5	
Q4	11.8	12.0	31.5	66.5	10.8	10.3	7.8	5.9	13.8	13.7	
2008 Q1	11.9	12.4	26.0	52.5	11.2	11.1	9.2	8.4	14.1	14.5	
Q2	11.4	11.8	30.5	64.2	10.4	10.1	9.5	9.0	12.2	11.7	
Q3	11.4	11.7	25.0	49.8	10.7	10.5	7.4	5.3	13.6	14.0	
Q4	10.5	10.2	12.6	18.1	10.3	10.0	7.4	5.2	13.7	14.1	
2009 Q1	10.6	10.3	17.5	29.9	10.2	9.7	7.2	4.7	13.6	13.9	
Q2	9.5	8.5	14.3	21.8	9.3	8.1	6.5	3.4	12.4	12.0	
Q3	10.1	9.5	18.2	31.6	9.7	8.8	6.7	4.0	13.0	12.9	
Q4	10.2	9.8	25.1	48.9	9.5	8.6	6.7	4.2	12.6	12.4	
2010 Q1	10.6	10.4	20.7	37.9	10.1	9.6	7.1	4.8	13.2	13.5	
Q2	10.5	10.2	21.4	39.4	10.0	9.3	7.1	4.9	13.0	13.1	
Q3	11.1	11.2	24.5	46.9	10.5	10.1	7.1	4.9	14.3	15.1	
Q4	11.3	11.5	27.0	52.3	10.6	10.3	7.1	4.8	13.8	14.3	
2011 Q1	11.2	11.5	27.7	53.5	10.5	10.2	8.9	8.1	13.2	13.5	
Q2	10.7	10.7	28.0	53.2	9.9	9.4	8.7	7.9	12.5	12.5	
Q3	10.9	11.0	26.2	47.9	10.2	9.9	8.1	6.7	13.6	14.3	
Q4	11.2	11.4	27.0	48.6	10.5	10.2	8.2	6.8	13.6	14.2	
2012 Q1	10.3	10.1	25.6	44.3	9.6	9.0	7.3	5.3	12.6	12.7	
Q2	10.5	10.4	22.6	36.8	10.0	9.5	7.3	5.4	13.6	14.3	
Q3	10.9	11.1	21.5	33.7	10.5	10.4	7.5	5.8	14.8	16.3	
Q4	11.3	11.8	21.0	32.1	10.9	11.1	8.9	8.4	14.0	14.9	
2013 Q1	11.2	11.6	21.2	32.1	10.7	10.9	7.6	6.1	14.5	15.9	
Q2	10.8	11.1	20.3	29.5	10.4	10.4	8.3	7.2	14.1	15.3	
Q3	11.1	11.5	20.1	28.6	10.7	10.9	9.3	9.1	14.8	16.3	
Q4	11.0	11.3	19.2	26.0	10.7	10.8	9.8	9.9	13.5	14.3	
2014 Q1	11.4	11.9	17.2	21.5	11.1	11.5	8.7	8.1	15.1	16.9	
Q2	11.6	12.2	14.7	16.3	11.4	12.1	12.0	14.0	14.7	16.2	
Q3	12.1	13.0	11.9	10.9	12.1	13.1	10.6	11.4	17.1	20.0	
Q4	11.6	12.3	10.8	8.8	11.6	12.5	10.9	12.0	15.6	17.7	
2015 Q1	11.6	12.3	8.0	3.6	11.7	12.6	10.1	10.7	16.3	19.0	
Q2	11.5	12.2	10.8	9.0	11.5	12.3	10.5	11.4	16.0	18.4	
Q3	11.4	12.1	6.9	1.9	11.6	12.5	8.5	7.7	17.4	20.6	
Q4	11.4	12.0	6.6	1.1	11.6	12.4	9.9	10.3	16.0	18.4	
2016 Q1	11.6	12.4	6.6	1.2	11.8	12.8	11.4	13.0	15.8	18.2	
Q2	11.6	12.3	6.3	0.6	11.8	12.8	11.4	13.0	15.7	18.0	
Q3	11.5	12.2	6.9	1.6	11.7	12.6	10.8	12.0	16.1	18.7	

Source: Office for National Statistics

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3 Rates of Return of all Private Non-Financial Corporations

Year	Percentage 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	13.6	14.5	199.7	67.7	132.1	1471.6	913.6	
1998	12.9	13.4	195.9	69.1	126.8	1521.2	949.2	
1999	12.2	12.2	195.0	73.0	122.1	1595.2	997.0	
2000	12.0	12.1	204.2	76.0	128.2	1697.4	1063.6	
2001	11.0	10.4	197.0	79.8	117.3	1788.8	1124.8	
2002	11.7	11.3	212.2	82.7	129.5	1810.1	1145.6	
2003	11.8	11.6	225.0	84.6	140.3	1912.0	1206.6	
2004	11.9	12.0	234.3	86.2	148.1	1963.7	1236.4	
2005	12.0	12.2	250.2	89.4	160.8	2090.1	1315.8	
2006	12.0	12.3	262.8	94.1	168.7	2184.1	1375.7	
2007	11.7	11.9	269.7	97.0	172.7	2304.0	1452.6	
2008	11.3	11.5	279.9	100.5	179.4	2482.5	1561.9	
2009	10.1	9.5	251.4	103.7	147.7	2487.9	1552.1	
2010	10.8	10.8	268.9	102.6	166.3	2478.8	1534.6	
2011	11.0	11.1	282.9	105.9	177.0	2577.3	1590.4	
2012	10.8	10.8	285.8	108.3	177.5	2655.1	1637.7	
2013	11.0	11.4	304.0	110.9	193.2	2755.7	1700.9	
2014	11.7	12.4	331.7	113.4	218.3	2845.3	1763.1	
2015	11.5	12.1	336.4	116.7	219.7	2933.3	1811.8	

See footnotes on Table 1

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4 Rates of Return of UK Continental Shelf Companies

Year	Percentage Rate of Return		£ billion				Capital Employed	
	Gross LRXD	Net ¹ LRXE	Gross	Capital	Net	Gross LRXB	Net LRXC	
			Operating Surplus LRWX	Consumption BGYB	Operating Surplus LRWY			
1997	10.6	9.9	13.8	7.2	6.7	130.9	67.5	
1998	8.9	7.2	11.5	7.0	4.6	130.3	63.5	
1999	10.7	11.8	13.7	6.8	6.9	127.7	58.6	
2000	16.7	26.7	21.2	6.6	14.6	126.4	54.6	
2001	16.4	27.5	20.1	6.4	13.7	122.6	49.9	
2002	16.2	27.3	19.1	6.3	12.8	117.9	46.7	
2003	16.1	27.4	18.8	6.2	12.6	116.9	45.9	
2004	16.5	29.0	18.7	6.1	12.6	113.4	43.4	
2005	20.3	39.5	23.6	6.3	17.3	115.9	43.9	
2006	23.6	47.4	27.3	6.4	20.9	115.6	44.1	
2007	22.5	44.0	26.1	6.3	19.8	116.0	45.0	
2008	23.6	46.2	28.1	6.4	21.7	119.2	47.0	
2009	18.7	33.0	21.5	6.4	15.1	114.6	45.7	
2010	23.4	44.1	25.4	6.0	19.4	108.6	44.0	
2011	27.2	50.7	29.8	6.2	23.6	109.5	46.6	
2012	22.6	36.6	25.2	6.6	18.7	111.5	51.1	
2013	20.2	29.0	23.5	6.9	16.5	116.3	57.1	
2014	13.7	14.2	16.7	7.5	9.2	122.2	64.7	
2015	8.1	3.9	10.3	7.6	2.7	127.2	69.9	

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

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5 Rates of Return of UK non-CS PNFCs

Year	Percentage Rate of Return		£ billion				Capital Employed	
	Gross LRXO	Net LRXP	Gross	Capital	Net	Gross LRXM	Net LRXN	
			Operating Surplus LRXG	Consumption BGYC	Operating Surplus LRXH			
1997	13.9	14.8	185.9	60.5	125.4	1340.8	846.2	
1998	13.3	13.8	184.3	62.1	122.2	1390.9	885.7	
1999	12.4	12.3	181.3	66.2	115.1	1467.5	938.3	
2000	11.6	11.3	183.0	69.4	113.6	1571.0	1009.0	
2001	10.6	9.6	176.9	73.4	103.5	1666.2	1074.9	
2002	11.4	10.6	193.1	76.4	116.8	1692.2	1098.9	
2003	11.5	11.0	206.2	78.5	127.7	1795.1	1160.7	
2004	11.7	11.4	215.6	80.1	135.5	1850.3	1193.0	
2005	11.5	11.3	226.6	83.2	143.4	1974.1	1271.9	
2006	11.4	11.1	235.5	87.7	147.8	2068.5	1331.5	
2007	11.1	10.9	243.6	90.7	152.9	2187.9	1407.6	
2008	10.7	10.4	251.7	94.1	157.7	2363.3	1514.9	
2009	9.7	8.8	229.9	97.3	132.6	2373.3	1506.4	
2010	10.3	9.9	243.5	96.7	146.9	2370.2	1490.6	
2011	10.3	9.9	253.1	99.7	153.4	2467.8	1543.8	
2012	10.2	10.0	260.6	101.8	158.8	2543.6	1586.6	
2013	10.6	10.7	280.6	103.9	176.6	2639.5	1643.8	
2014	11.6	12.3	315.0	105.9	209.1	2723.0	1698.4	
2015	11.6	12.5	326.1	109.2	217.0	2806.1	1742.0	

See footnotes on Table 1

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6 Rates of Return of Manufacturing Sector PNFs

Year	Percentage Rate of Return		£ billion				
	Gross	Net	Gross	Capital	Net	Capital Employed	
			Operating Surplus	Consumption	Operating Surplus	Gross	Net
LRXB	LRXC	LRXR	BGYI	LRXS	LRXZ	LRYA	
1997	12.8	13.6	52.1	19.0	33.1	406.2	244.2
1998	11.3	11.2	47.1	19.2	27.9	416.6	250.1
1999	10.7	10.1	45.9	20.0	25.9	428.6	257.8
2000	10.3	9.4	45.9	20.5	25.4	447.0	269.1
2001	8.7	6.9	39.8	21.0	18.9	457.6	275.1
2002	9.4	7.9	42.6	21.1	21.5	453.6	271.3
2003	8.7	7.1	39.6	20.5	19.1	454.5	269.8
2004	9.5	8.7	43.1	20.0	23.1	451.5	265.9
2005	9.3	8.3	44.5	21.1	23.4	479.6	283.5
2006	9.0	7.8	44.7	21.8	22.9	497.5	294.9
2007	8.5	7.1	43.5	22.1	21.4	511.6	300.6
2008	8.3	7.0	46.1	23.6	22.5	552.8	322.6
2009	6.8	4.1	37.2	24.4	12.8	549.2	315.2
2010	7.1	4.9	38.2	23.3	14.9	540.9	307.9
2011	8.5	7.4	47.0	23.9	23.1	555.8	314.1
2012	7.8	6.2	43.5	24.0	19.5	559.4	314.5
2013	8.7	8.1	49.6	24.1	25.6	567.5	316.9
2014	10.5	11.4	60.0	23.9	36.1	569.9	317.3
2015	9.8	10.0	56.0	24.2	31.8	574.2	317.4

1 See footnotes on table 1

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7 Rates of Return of Service Sector PNFs

Year	Percentage Rate of Return		£ billion				
	Gross	Net	Gross	Capital	Net	Capital Employed	
			Operating Surplus	Consumption	Operating Surplus	Gross	Net
LRYP	LRYQ	LRYP	BGYK	LRYP	LRYN	LRYO	
1997	16.3	18.8	113.4	34.4	79.1	694.5	420.5
1998	17.0	18.3	116.9	35.5	81.5	689.1	444.5
1999	15.6	16.1	115.0	38.4	76.7	735.7	476.5
2000	14.7	14.7	116.5	40.6	75.9	795.2	517.9
2001	13.4	12.6	114.6	43.7	70.9	855.3	560.8
2002	14.3	13.5	124.4	46.2	78.1	868.3	576.9
2003	14.9	14.9	142.3	48.7	93.6	952.0	628.1
2004	14.6	14.4	145.4	50.7	94.7	997.6	656.2
2005	14.5	14.6	154.1	52.2	101.9	1061.2	695.9
2006	14.2	14.1	158.6	55.4	103.2	1116.9	730.4
2007	13.9	13.9	165.6	57.6	108.0	1190.5	778.7
2008	13.4	13.6	172.0	58.5	113.5	1285.7	836.6
2009	12.9	12.8	167.2	60.3	106.9	1297.3	835.9
2010	13.6	14.0	177.4	60.8	116.6	1307.1	833.5
2011	13.2	13.6	180.2	62.7	117.5	1362.3	863.5
2012	13.7	14.6	193.2	64.0	129.3	1405.8	887.5
2013	14.2	15.5	206.8	65.3	141.5	1454.7	915.8
2014	15.6	17.7	234.4	66.9	167.5	1500.9	945.1
2015	16.4	19.1	255.5	69.2	186.3	1555.5	976.3

1 See footnotes on table 1

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

Year	Percentage				
	All PNFCS LRWW	UKCS Companies LRXE	UK non-CS PNFCS LRXP	Manufacturing Sector PNFCS LRVC	Service Sector PNFCS LRVQ
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
2014	0.0	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.0	0.0	0.0
Quarter					
1997 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
1998 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
1999 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
2000 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
2001 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
2002 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

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 2015 in line with the Quarterly National Accounts 2016 Q3. For more information see the background note to this release.

R1 Revisions to Annual and Quarterly Net Rates of Return of PNFCS continued

Quarter	%				
	All PNFCS LRWW	UKCS Companies LRXE	UK non-CS PNFCS LRXP	Manufacturing Sector PNFCS LRVC	Service Sector PNFCS LRVQ
2003 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
2004 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
2005 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
2006 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
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	0.0	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
2015 Q1	0.0	-0.1	0.0	0.0	0.0
Q2	0.0	0.2	0.0	0.0	0.0
Q3	0.0	-0.1	0.0	0.0	0.1
Q4	0.0	0.1	0.0	0.0	0.1
2016 Q1	0.1	0.1	0.0	0.1	0.1
Q2	0.1	0.0	0.1	-0.6	0.0

Source: Office for National Statistics

1 Table R1 shows the revisions to the net rates of return which have been made back to quarter 1 2015 in line with the Quarterly National Accounts 2016 Q3. For more information see the background note to this release.



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Issued by: Office for National Statistics, Government Buildings, Cardiff Road, Newport NP10 8XG

Media contact:

Tel Media Relations Office 0845 6041858
 Emergency on-call 07867 906553
Email press.office@ons.gsi.gov.uk

Statistical contact:

Name Eric Crane
Tel Eric Crane +44 (0) 1633 455092
Email profitability@ons.gov.uk

Contact us:

Tel 0845 601 3034
Email info@ons.gov.uk
Website www.statistics.gov.uk
Twitter www.twitter.com/statisticsONS