

Statistical bulletin

# Profitability of UK companies: January to March 2023

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



Contact:  
Frank Donnarumma  
profitability@ons.gov.uk  
+44 1329 444875

Release date:  
17 August 2023

Next release:  
To be announced

## Table of contents

1. [Main points](#)
2. [Profitability data](#)
3. [Glossary](#)
4. [Measuring the data](#)
5. [Related links](#)
6. [Cite this statistical bulletin](#)

# 1 . Main points

- The profitability of private non-financial corporations (PNFCs) grew by 0.1 percentage points in Quarter 1 (Jan to Mar) 2023 compared with Quarter 4 (Oct to Dec) 2022, with net rate of return now at 9.9%.
- The profitability of UK continental shelf (UKCS) companies decreased for the second quarter following a continued drop in gas and crude oil prices; the net rate of return for UKCS companies was 5.7% in Quarter 1 2023, 7 percentage points down from the estimate for Quarter 4 2022 (12.7%), this was the lowest value since Quarter 2 (Apr to June) 2021.
- The net rate of return for manufacturing companies increased to 8.8% in Quarter 1 2023, up from 8.4% in Quarter 4 2022.
- The net rate of return for services companies stood at 16.1%, an increase of 0.4 percentage points compared with Quarter 4 2022 (15.7%).

# 2 . Profitability data

## [Profitability of UK companies - rates of return and revisions](#)

Dataset | Released 17 August 2023

Rates of return and revision tables of UK private non-financial corporations (PNFCs) by quarter.

## [Profitability of UK companies time series](#)

Dataset | Released 17 August 2023

Annual and quarterly data for the latest profitability estimates of UK companies.

# 3 . Glossary

## Private non-financial corporations

Private non-financial corporations (PNFCs) comprise UK continental shelf (UKCS) companies and other non-financial UK (non-UKCS) companies. Non-UKCS companies are further split into manufacturing companies, companies providing non-financial services and other industries (including construction; electricity and gas supply; agriculture; and mining and quarrying).

## Net rate of return

Net rate of return is used as the measurement of company profitability throughout this bulletin. The rate of return is calculated as the economic gain (profit) shown as a percentage of the capital used in production. "Net" refers to the rate of return after having accounted for the current value of capital consumed and capital stocks. "Capital consumed" refers to the decline in the current value in the stock of fixed assets (for example, because of depreciation). Gross rates of return are available in the [dataset with this release](#).

## UK continental shelf

The UKCS is the area where the UK claims mineral rights beyond the territorial waters. Because of the nature of the industry, UKCS companies tend to be very capital-intensive and so require high levels of capital investment to operate. They also report high levels of depreciation of their fixed assets. The net rate of return for UKCS companies is not directly comparable with those for other sectors.

## Gross operating surplus

The gross operating surplus (GOS) of PNFCs is a component of the income approach to measuring gross domestic product (GDP). GOS consists of gross trading profits, plus income from rental of buildings, less inventory-holding gains (changes in inventory value caused by price).

## 4 . Measuring the data

The [Profitability of UK companies statistical bulletin](#) reports the estimates for net rate of return on capital employed for UK private non-financial corporations (PNFCs) related to their UK operations.

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Profitability of UK companies](#) and [Quarterly Operating Profits Survey](#) QMI.

The [Quarterly sector accounts statistical bulletin](#) includes estimates of national production, income and expenditure, UK sector accounts, and the UK Balance of Payments.

### 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 and fixed capital consumption QMI](#).

## 5 . Related links

### [GDP quarterly national accounts](#)

Bulletin | Released 30 June 2023

Revised quarterly estimate of gross domestic product (GDP) for the UK. Uses additional data to provide a more precise indication of economic growth than the first estimate.

### [Quarterly sector accounts](#)

Bulletin | Released 30 June 2023

Detailed estimates of quarterly sector accounts that can be found in the UK Economic Accounts (UKEA).

## 6 . Cite this statistical bulletin

Office for National Statistics (ONS), released 17 August 2023, ONS website, statistical bulletin, [Profitability of UK companies: January to March 2023](#)