

Profitability of UK companies: April to June 2016

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

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1 . Main points

UK private non-financial corporations' (PNFCs) profitability is measured by net rate of return. In Quarter 2 (Apr to June) 2016, PNFC profitability was estimated at 12.2%, down 0.1 percentage points from Quarter 1 (Jan to Mar) 2016 (12.3%).

For manufacturing companies, net rate of return was estimated at 13.6% in Quarter 2 2016, which was 0.7 percentage points higher than Quarter 1 2016 (12.9%).

The net rate of return for services companies in Quarter 2 2016 was estimated at 18.0%, compared with 18.1% in Quarter 1 2016.

Profitability of UK continental shelf (UKCS) companies fell from the revised Quarter 1 2016 rate of 1.1% to the lowest recorded level in Quarter 2 2016 (0.6%) since the series began in 1997.

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. Net rate of return is the economic gain (profit) shown as a percentage of the capital used in production. Here, "net" means the present value of the capital assets used after excluding capital consumed. For a more comprehensive definition, 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 for Quarter 2 (Apr to June) 2016 published on 30 September 2016.

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

The net rate of return for all private non-financial corporations (PNFCs) in Quarter 2 (Apr to June) 2016 decreased slightly to 12.2%, down 0.1 percentage points from Quarter 1 (Jan to Mar) 2016.

Figure 1: Net rate of return of private non-financial corporations, Quarter 2 (Apr to June) 2006 to Quarter 2 (Apr to June) 2016

UK

Figure 1: Net rate of return of private non-financial corporations, Quarter 2 (Apr to June) 2006 to Quarter 2 (Apr to June) 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 companies

Entities specified as 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 of fixed assets. For this reason, the net rate of return for this sector is not directly comparable with other industries.

Profitability for UKCS companies was estimated at 0.6% in Quarter 2 (Apr to June) 2016, falling 0.5 percentage points from the revised estimate in Quarter 1 (Jan to Mar) 2016 of 1.1%. UKCS companies have seen profitability consistently reducing since early 2011, with the current quarter showing the lowest net rate of return since 1997. This trend reflects falling oil and gas prices which remain only partly offset by increased quarter-on-quarter sales.

Figure 2: Net rate of return of UK continental shelf companies, Quarter 2 (Apr to June) 2006 to Quarter 2 (Apr to June) 2016

UK

Figure 2: Net rate of return of UK continental shelf companies, Quarter 2 (Apr to June) 2006 to Quarter 2 (Apr to June) 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 . UK non-continental shelf companies

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

Figure 3: Net rate of return of UK non-continental shelf companies, Quarter 2 (Apr to June) 2006 to Quarter 2 (Apr to June) 2016

UK

Figure 3: Net rate of return of UK non-continental shelf companies, Quarter 2 (Apr to June) 2006 to Quarter 2 (Apr to June) 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).

UK non-CS companies' profitability in Quarter 2 (Apr to June) 2016 was estimated at 12.7% – a reduction of 0.1 percentage points from Quarter 1 (Jan to Mar) 2016. Figure 3 shows the profitability of UK non-CS companies. The UK non-CS sector trend is similar to the entire UK PNFC sector and only differs slightly due to UKCS companies.

Manufacturing and services

Distinguishing manufacturing companies from services companies serves to provide a clearer understanding not only of the individual industries' economic performances, but also their impact on the overall PNFC sector. The profitability data show a trend where services companies reported a stronger net rate of return than manufacturing companies.

Manufacturing companies

Profitability based on the net rate of return for manufacturing companies increased to 13.6% in Quarter 2 2016, compared with 12.9% in Quarter 1 2016.

Services companies

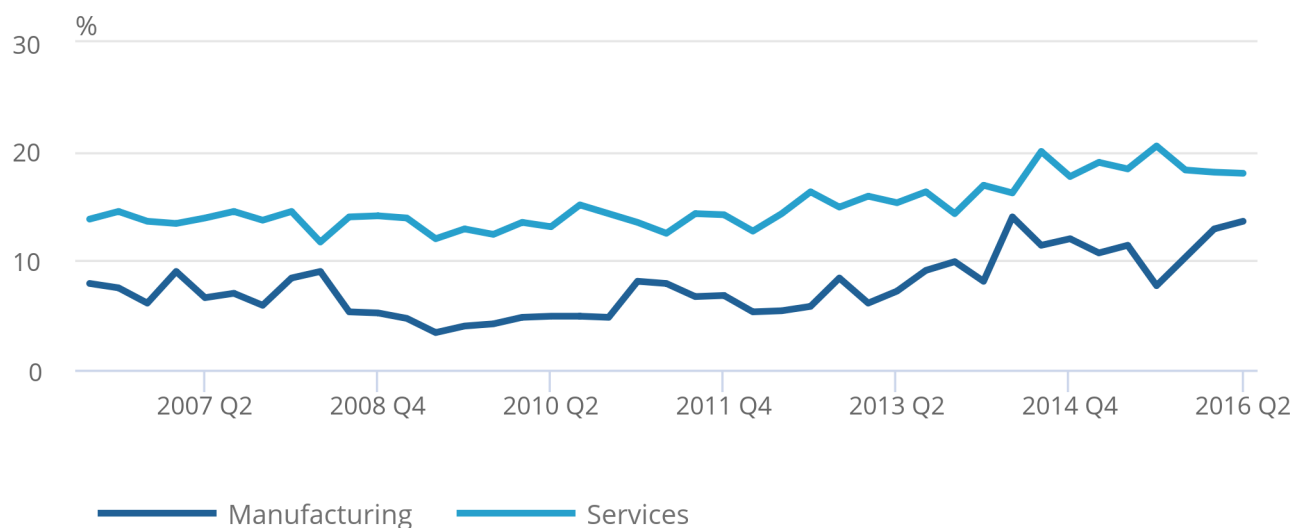
The estimated net rate of return for services companies in Quarter 2 2016 was 18.0%, down 0.1 percentage points from Quarter 1 2016 (18.1%).

Figure 4: Net rate of return of manufacturing and services companies, Quarter 2 (Apr to June) 2006 to Quarter 2 (Apr to June) 2016

UK

Figure 4: Net rate of return of manufacturing and services companies, Quarter 2 (Apr to June) 2006 to Quarter 2 (Apr to June) 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, with the net rate of return for manufacturing companies being lower than for services companies.

6 . Economic context

Between Quarter 1 (Jan to Mar) and Quarter 2 (Apr to June) 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 a slight improvement in economic conditions. [GDP grew by 0.7%](#) in Quarter 2 2016, compared with 0.4% in Quarter 1 2016, while the rate of [business investment growth](#) – an important indicator of business confidence – increased by 1.0% in Quarter 2 2016 from 0.5% in Quarter 1 2016, which was faster than the post-downturn average rates of growth. This mixed picture could be partly explained by [recent movements in unit labour costs](#) – the average cost of labour per unit of output. The growth rate in Quarter 2 2016 was 1.4%, compared with a 0.3% fall in unit costs in Quarter 1 2016.

While the aggregate net rate of return was relatively stable on a quarterly basis, this masked some disparities between industries. The net rate of return for manufacturing industries rose fairly sharply from 12.9% in Quarter 1 2016 to 13.6% in Quarter 2 2016, its highest level since Quarter 2 2014. This increase in the profitability rate coincided with an [increase in manufacturing output](#), of 1.6% in Quarter 2 2016, following a slight decline in output in Quarter 1 2016 (of 0.3%).

In contrast, the net rate of return in the services industries fell slightly to 18.0% from 18.1% in the previous quarter. This slight downward trend has also been cited by the [Confederation of British Industry \(CBI\) Service Sector Survey](#), which covers the 3 months up to August 2016. The CBI reported broadly flat profitability in business and professional services over this period and a slight decline in consumer services profitability. 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 2 2016, they continued to [drive overall GDP growth](#), growing by 0.6% and contributing 0.5 percentage points of the 0.7% GDP growth.

The net rate of return for UK Continental Shelf (UKCS) companies fell further in Quarter 2 2016, to 0.6% representing the lowest rate since comparable records began in 1997. Gross profits fell by 4% from Quarter 1 to Quarter 2 2016, reflecting the fact that oil prices still remained at low levels compared with those seen in 2014, while net capital employed rose 3.4%. However, profits data in this industry are volatile and there have been signs of improvement in the industry, with [output growth in the extraction of crude petroleum and natural gas industries](#) rising 2.9% in Quarter 2 2016 following a 0.4% fall in Quarter 1.

7 . International comparisons

Making international comparisons on profitability is problematic. Whilst in the UK we measure the rate of return on capital employed, a range of methods is used internationally to calculate profitability. For this reason, we use aggregated national profit shares, which give an indication of the profitability of all profit-making sectors in a country.

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

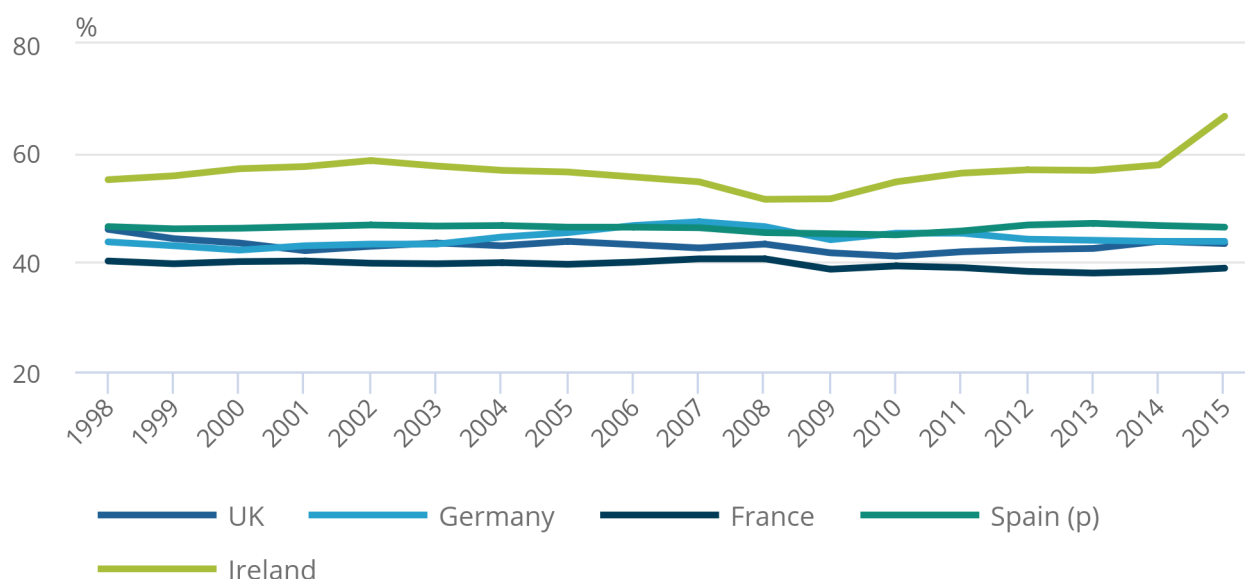
Figure 5 shows a comparison of the UK's aggregate national profit share (43%) with selected countries. The UK share remained close to Germany's level (44%), higher than France's (39%) but still lower than Spain's (46%). Note that there are revisions dating back to 2012 for the Eurostat data presented here.

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

UK

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

UK



Source: Office for National Statistics and Eurostat

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

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.

. Background notes

1. What's new?

For Quarter 2 2016, the profitability of UK companies bulletin has been improved to become more reader-friendly. The order of sections has been updated and the tables now only show a 10-year period rather than from 1997 to the current quarter as before. The datasets are no longer presented within the bulletin but remain available as tables to download. To provide feedback on the new layout, please see section 8: Your views matter.

2. 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 services 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 is collected by ONS; then capital data used to calculate rates of return are based upon capital stocks and capital consumption data.

Definitions and explanations

Private non-financial corporations (PNFCs)

These comprise 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 Quarter 2 (Apr to June) 2016, published on 30 September 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 the Quarterly National Accounts Quarter 2 (Apr to June) 2016. Revisions to the time series are presented in Table R1 accompanying this bulletin. There are also revisions to the international comparisons data from Eurostat, back to 2012.

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 2 (Apr to June) 2016, published on 30 September 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 2 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](#)
- [UK 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 [UK Statistics Authority website](#).

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	LRYP	LRYP	LRYP
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

- 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.
- 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 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.
 - 6 Net capital employed (denominator): Gross capital employed less accumulated capital consumption at current replacement cost.
Revisions have been made back to quarter one 2015 to ensure consistency with Quarterly National Accounts quarter 2 2016
- For more information see the background notes to this release.

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

Percentage

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	LRYB	LRYC	LRYP	LRYQ
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	30.6	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
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	8.1	3.7	11.7	12.6	10.1	10.7	16.4	19.0
Q2	11.5	12.2	10.7	8.8	11.5	12.3	10.5	11.4	16.0	18.4
Q3	11.4	12.1	7.0	2.0	11.6	12.5	8.5	7.7	17.3	20.5
Q4	11.4	12.0	6.5	1.0	11.6	12.4	9.9	10.3	16.0	18.3
2016 Q1	11.6	12.3	6.6	1.1	11.8	12.8	11.3	12.9	15.7	18.1
Q2	11.5	12.2	6.3	0.6	11.7	12.7	11.7	13.6	15.7	18.0

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	Percentage Rate of Return		£ billion				
			Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Capital Employed	
	Gross LRWV	Net LRWW	LRWL	BGXZ	LRWM	Gross LRWT	Net LRWU
1997	13.6	14.5	199.7	67.7	132.1	1 471.6	913.6
1998	12.9	13.4	195.9	69.1	126.8	1 521.2	949.2
1999	12.2	12.2	195.0	73.0	122.1	1 595.2	997.0
2000	12.0	12.1	204.2	76.0	128.2	1 697.4	1 063.6
2001	11.0	10.4	197.0	79.8	117.3	1 788.8	1 124.8
2002	11.7	11.3	212.2	82.7	129.5	1 810.1	1 145.6
2003	11.8	11.6	225.0	84.6	140.3	1 912.0	1 206.6
2004	11.9	12.0	234.3	86.2	148.1	1 963.7	1 236.4
2005	12.0	12.2	250.2	89.4	160.8	2 090.1	1 315.8
2006	12.0	12.3	262.8	94.1	168.7	2 184.1	1 375.7
2007	11.7	11.9	269.7	97.0	172.7	2 304.0	1 452.6
2008	11.3	11.5	279.9	100.5	179.4	2 482.5	1 561.9
2009	10.1	9.5	251.4	103.7	147.7	2 487.9	1 552.1
2010	10.8	10.8	268.9	102.6	166.3	2 478.8	1 534.6
2011	11.0	11.1	282.9	105.9	177.0	2 577.3	1 590.4
2012	10.8	10.8	285.8	108.3	177.5	2 655.1	1 637.7
2013	11.0	11.4	304.0	110.9	193.2	2 755.7	1 700.9
2014	11.7	12.4	331.7	113.4	218.3	2 845.3	1 763.1
2015	11.5	12.1	336.4	116.7	219.7	2 933.3	1 811.8

Source: Office for National Statistics

See footnotes on Table 1

4 Rates of Return of UK Continental Shelf Companies

Year	Percentage Rate of Return		£ billion				
	Gross	Net ¹	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Capital Employed	
						Gross	Net
	LRXD	LRXE	LRWX	BGYB	LRWY	LRXB	LRXC
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

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 UK non-CS PNFCs

Year	Percentage Rate of Return		£ billion				
	Gross	Net	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Capital Employed	
						Gross	Net
	LRXO	LRXP	LRXG	BGYC	LRXH	LRXM	LRXN
1997	13.9	14.8	185.9	60.5	125.4	1 340.8	846.2
1998	13.3	13.8	184.3	62.1	122.2	1 390.9	885.7
1999	12.4	12.3	181.3	66.2	115.1	1 467.5	938.3
2000	11.6	11.3	183.0	69.4	113.6	1 571.0	1 009.0
2001	10.6	9.6	176.9	73.4	103.5	1 666.2	1 074.9
2002	11.4	10.6	193.1	76.4	116.8	1 692.2	1 098.9
2003	11.5	11.0	206.2	78.5	127.7	1 795.1	1 160.7
2004	11.7	11.4	215.6	80.1	135.5	1 850.3	1 193.0
2005	11.5	11.3	226.6	83.2	143.4	1 974.1	1 271.9
2006	11.4	11.1	235.5	87.7	147.8	2 068.5	1 331.5
2007	11.1	10.9	243.6	90.7	152.9	2 187.9	1 407.6
2008	10.7	10.4	251.7	94.1	157.7	2 363.3	1 514.9
2009	9.7	8.8	229.9	97.3	132.6	2 373.3	1 506.4
2010	10.3	9.9	243.5	96.7	146.9	2 370.2	1 490.6
2011	10.3	9.9	253.1	99.7	153.4	2 467.8	1 543.8
2012	10.2	10.0	260.6	101.8	158.8	2 543.6	1 586.6
2013	10.6	10.7	280.6	103.9	176.6	2 639.5	1 643.8
2014	11.6	12.3	315.0	105.9	209.1	2 723.0	1 698.4
2015	11.6	12.5	326.1	109.2	217.0	2 806.1	1 741.9

Source: Office for National Statistics

See footnotes on Table 1

6 Rates of Return of Manufacturing Sector PNFCs

Year	Percentage 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	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

Source: Office for National Statistics

1 See footnotes on table 1

7 Rates of Return of Service Sector PNFCs

Year	Percentage Rate of Return		£ billion				
	Gross	Net	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Capital Employed	
						Gross	Net
	LRYP	LRYQ	LRYF	BGYK	LRYG	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	1 061.2	695.9
2006	14.2	14.1	158.6	55.4	103.2	1 116.9	730.4
2007	13.9	13.9	165.6	57.6	108.0	1 190.5	778.7
2008	13.4	13.6	172.0	58.5	113.5	1 285.7	836.6
2009	12.9	12.8	167.2	60.3	106.9	1 297.3	835.9
2010	13.6	14.0	177.4	60.8	116.6	1 307.1	833.5
2011	13.2	13.6	180.2	62.7	117.5	1 362.3	863.5
2012	13.7	14.6	193.2	64.0	129.3	1 405.8	887.5
2013	14.2	15.5	206.8	65.3	141.5	1 454.7	915.8
2014	15.6	17.7	234.4	66.9	167.5	1 500.9	945.1
2015	16.4	19.1	255.5	69.2	186.3	1 556.0	976.8

Source: Office for National Statistics

1 See footnotes on table 1

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

	Percentage				
	All PNFCs	UKCS Companies	UK non -CS PNFCs	Manufacturing Sector PNFCs	Service Sector PNFCs
Year	LRWW	LRXE	LRXP	LRYC	LRYQ
1997	-	-	-	-	-
1998	-	-	-	-	-
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
Quarter					
1997 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
1998 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
1999 Q1	-	-	-	-	-
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	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2012 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2013 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2014 Q1	-	-	-	-	-
Q2	-	-	-	-	-
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2015 Q1	-	-	-0.1	-	-0.1
Q2	0.1	-	-	0.1	0.1
Q3	-	-	-	-	-
Q4	-	-	-	-	-
2016 Q1	0.1	0.9	0.1	0.2	-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 1 2015 in line with the Quarterly National Accounts quarter 2 2016.
For more information see the background note to this release.



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