

Statistical bulletin

Profitability of UK companies: April to June 2015

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



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Release date:
1 December 2015

Next release:
7 January 2016

Table of contents

1. [Main points](#)
2. [Understanding Profitability](#)
3. [Your views matter](#)
4. [Net rate of return of private non-financial corporations](#)
5. [Economic context](#)
6. [Manufacturing and service companies, quarter 2 2015](#)
7. [United Kingdom non-continental shelf \(UK non-CS\) companies, quarter 2 2015](#)
8. [United Kingdom continental shelf \(UKCS\) companies, quarter 2 2015](#)
9. [International comparisons](#)
10. [Background notes](#)

1 . Main points

- In this release, rates of return have been revised back to Quarter 1 1997, due to revisions to both Gross Operating Surplus and Capital Employed data. These revisions incorporate Blue Book 2015 changes
- The profitability of private non-financial corporations (PNFCs), as measured by their net rate of return, was estimated at 12.8 % in Quarter 2 2015, 0.2 percentage points higher than the revised estimate of 12.6% in Quarter 1 2015
- Manufacturing companies' net rate of return was estimated at 6.7% in Quarter 2 2015, 0.9 percentage points lower than the revised estimate of 7.6% in Quarter 1 2015. This remains the lowest estimated rate of return since Quarter 1 2013 when it was 6.3% (revised)
- Service companies' net rate of return was estimated at 21.3% in Quarter 2 2015. This is the highest recorded quarterly estimate since the series began in 1997 and is 0.5 percentage points higher than the previous quarter
- UK Continental Shelf (UKCS) companies' net rate of return was 14.7% in Quarter 2 2015. The increase on the revised estimate of 5.0% in Quarter 1 2015 is consistent with movements in Brent crude oil prices
- To see the above data in more context, data for earlier periods are shown in Tables 1 and 2, and are also presented in Figures 1 to 6

2 . 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.

Revisions to the net rates of return for PNFCs have been made back to Quarter 1 1997, and are consistent with ONS' annual national accounts publication – [Blue Book 2015](#), published on 30 October 2015 and the [Capital Stocks, Consumption of Fixed Capital 2015 release](#) published on 1 December 2015.

3 . 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 or telephone Eric Crane on +44 (0) 1633 455092.

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

The net rate of return of all private non-financial corporations in Quarter 2 2015 was estimated at 12.8%. This compares with the revised estimate of 12.6% for Quarter 1 2015.

Figure 1: Net rate of return of private non-financial corporations, Quarter 2 2007 to Quarter 2 2015

UK

Figure 1: Net rate of return of private non-financial corporations, Quarter 2 2007 to Quarter 2 2015

UK



Source: Office for National Statistics

Table 1: Annual net rate of return

UK, 1997 to 2014

				%
	Total Manufacturing Services			UK Continental Shelf (UKCS)
1997	14.3	13.5	18.8	9.8
1998	13.2	11.1	18.4	7.1
1999	12.0	9.9	15.9	11.7
2000	11.8	9.3	14.4	26.5
2001	10.2	6.7	12.4	27.2
2002	11.1	7.8	13.3	27.0
2003	11.3	7.0	14.6	27.0
2004	11.7	8.6	14.2	28.5
2005	11.9	8.2	14.4	38.7
2006	11.9	7.6	13.8	46.4
2007	11.6	7.0	13.6	43.2
2008	11.3	7.0	13.5	45.4
2009	9.5	4.1	12.8	32.7
2010	10.5	4.7	13.7	44.1
2011	11.3	7.6	14.0	50.6
2012	11.1	6.5	15.0	36.7
2013	11.8	8.5	16.2	28.9
2014	12.8	11.6	18.5	15.6

Source: Office for National Statistics

Table 2: Quarterly net rate of return

		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045		2046		2047		2048		2049		2050		2051		2052		2053		2054		2055		2056		2057		2058		2059		2060		2061		2062		2063		2064		2065		2066		2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258		2259		2260		2261		2262		2263		2264		2265		2266		2267		2268		2269		2270		2271		2272		2273		2274		2275		2276		2277		2278		2279		2280		2281		2282		2283		2284		2285		2286		2287		2288		2289		2290		2291		2292		2293		2294		2295		2296		2297		2298		2299		2300		2301		2302		2303		2304		2305		2306		2307		2308		2309		2310		2311		2312		2313		2314		2315		2316		2317		2318		2319		2320		2321		2322		2323		2324		2325		2326		2327		2328		2329		2330		2331		2332		2333		2334		2335		2336		2337		2338		2339		2340		2341		2342		2343		2344		2345		2346		2347		2348		2349		2350		2351		2352		2353		2354		2355		2356		2357		2358		2359		2360		2361		2362		2363		2364		2365		2366		2367		2368		2369		2370		2371		2372		2373		2374		2375		2376		2377		2378		2379		2380		2381		2382		2383		2384		2385		2386		2387		2388		2389		2390		2391		2392		2393		2394		2395		2396		2397		2398		2399		2400		2401		2402		2403		2404		2405		2406		2407		2408		2409		2410		2411		2412		2413		2414		2415		2416		2417		2418		2419		2420		2421		2422		2423		2424		2425		2426		2427		2428		2429		2430		2431		2432		2433		2434		2435		2436		2437		2438		2439		2440		2441		2442		2443		2444		2445		2446		2447		2448		2449		2450		2451		2452		2453		2454		2455		2456		2457		2458		2459		2460		2461		2462		2463		2464		2465		2466		2467		2468		2469		2470		2471		2472		2473		2474		2475		2476		2477		2478		2479		2480		2481		2482		2483		2484		2485		2486		2487		2488		2489		2490		2491		2492		2493		2494		2495		2496		2497		2498		2499		2500		2501		2502		2503		2504		2505		2506		2507		2508		2509		2510		2511		2512		2513		2514		2515		2516		2517		2518		2519		2520		2521		2522		2523		2524		2525		2526		2527		2528		2529		2530		2531		2532		2533		2534		2535		2536		2537		2538		2539		2540		2541		2542		2543		2544		2545		2546		2547		2548		2549		2550		2551		2552		2553		2554		2555		2556		2557		2558		2559		2560		2561		2562		2563		2564		2565		2566		2567		2568		2569		2570		2571		2572		2573		2574		2575		2576		2577		2578		2579		2580		2581		2582		2583		2584		2585		2586		2587		2588		2589		2590		2591		2592		2593		2594		2595		2596		2597		2598		2599		2600		2601		2602		2603		2604		2605		2606		2607		2608		2609		2610		2611		2612		2613		2614		2615		2616		2617		2618		2619		2620		2621		2622		2623		2624		2625		2626		2627		2628		2629		2630		2631		2632		2633		2634		2635		2636		2637		2638		2639		2640		2641		2642		2643		2644		2645		2646		2647		2648		2649		2650		2651		2652		2653		2654		2655		2656		2657		2658		2659		2660		2661		2662		2663		2664		2665		2666		2667		2668		2669		2670		2671		2672		2673		2674		2675		2676		2677		2678		2679		2680		2681		2682		2683		2684		2685		2686		2687		2688		2689		2690		2691		2692		2693		2694		2695		2696		2697		2698		2699		2700		2701		2702		2703		2704		2705		2706		2707		2708		2709		2710		2711		2712		2713		2714		2715		2716		2717		2718		2719		2720		2721		2722		2723		2724		2725		2726		2727		2728		2729		2730		2731		2732		2733		2734		2735		2736		2737		2738		2739		2740		2741		2742		2743		2744		2745		2746		2747		2748		2749		2750		2751		2752		2753		2754		2755		2756		2757		2758		2759		2760		2761		2762		2763		2764		2765		2766		2767		2768		2769		2770		2771		2772		2773		2774		2775		2776		2777		2778		2779		2780		2781		2782		2783		2784		2785		2786		2787		2788		2789		2790		2791		2792		2793		2794		2795		2796		2797		2798		2799		2800		2801		2802		2803		2804		2805		2806		2807		2808		2809		2810		2811		2812		2813		2814		2815		2816		2817		2818		2819		2820		2821		2822		2823		2824		2825		2826		2827		2828		2829		2830		2831		2832		2833		2834		2835		2836		2837		2838		2839		2840		2841		2842		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	Net rates of return of UK Private Non-financial Companies			
	Total Manufacturing Services UK Continental Shelf (UKCS)			
1997 Q1	13.7	13.0	17.2	12.5
1997 Q2	14.3	13.4	19.3	8.3
1997 Q3	14.8	13.9	19.8	9.5
1997 Q4	14.4	13.6	19.1	9.3
1998 Q1	13.8	11.8	17.8	8.4
1998 Q2	13.6	13.2	18.5	7.8
1998 Q3	12.3	9.3	18.5	6.4
1998 Q4	13.1	10.2	18.8	5.8
1999 Q1	12.4	10.9	15.7	5.9
1999 Q2	11.6	11.3	15.3	8.8
1999 Q3	12.0	8.8	16.8	15.5
1999 Q4	11.9	8.8	15.8	16.9
2000 Q1	12.4	11.3	14.1	21.4
2000 Q2	12.0	10.8	14.6	25.3
2000 Q3	11.7	8.7	15.8	28.2
2000 Q4	11.0	6.4	13.0	31.5
2001 Q1	9.4	7.1	9.8	30.1
2001 Q2	10.6	7.7	12.8	30.3
2001 Q3	10.2	6.4	13.4	25.8
2001 Q4	10.4	5.7	13.5	22.4
2002 Q1	11.2	10.6	11.4	23.3
2002 Q2	11.1	8.2	12.4	26.7

2002 Q3	11.0	7.0	14.8	25.1
2002 Q4	10.9	5.4	14.8	33.1
2003 Q1	10.8	5.8	13.1	31.6
2003 Q2	10.9	7.0	14.2	21.0
2003 Q3	11.9	7.0	16.7	26.9
2003 Q4	11.8	8.1	14.4	28.6
2004 Q1	11.5	8.9	13.6	26.6
2004 Q2	12.1	9.3	14.9	26.2
2004 Q3	11.9	8.4	14.9	30.9
2004 Q4	11.2	7.7	13.5	30.3
2005 Q1	11.2	8.0	12.6	34.5
2005 Q2	11.9	9.0	13.3	37.2
2005 Q3	12.3	8.3	15.6	39.5
2005 Q4	12.3	7.3	15.9	43.3
2006 Q1	12.6	9.4	14.3	53.1
2006 Q2	11.9	7.8	13.5	50.3
2006 Q3	11.9	7.4	14.1	43.2
2006 Q4	11.3	6.0	13.3	38.8
2007 Q1	11.5	8.9	13.1	31.1
2007 Q2	11.5	6.5	13.6	34.3
2007 Q3	11.6	6.8	14.3	41.8
2007 Q4	11.7	5.8	13.5	65.5
2008 Q1	12.2	8.4	14.4	51.7
2008 Q2	11.7	9.0	11.7	63.2
2008 Q3	11.5	5.3	13.9	48.9

2008 Q4	10.0	5.2	14.0	17.6
2009 Q1	10.2	4.7	13.9	29.5
2009 Q2	8.5	3.4	12.0	21.6
2009 Q3	9.5	4.1	12.9	31.4
2009 Q4	9.7	4.2	12.4	48.7
2010 Q1	10.2	4.7	13.2	37.8
2010 Q2	9.9	4.7	12.8	39.4
2010 Q3	10.9	4.7	14.8	46.8
2010 Q4	11.2	4.6	13.9	52.2
2011 Q1	11.3	8.0	13.3	53.3
2011 Q2	11.0	8.3	13.0	53.1
2011 Q3	11.6	7.3	15.2	47.7
2011 Q4	11.4	6.9	14.3	48.5
2012 Q1	11.3	6.5	14.4	44.3
2012 Q2	10.4	5.4	14.5	36.9
2012 Q3	11.0	5.8	16.3	33.9
2012 Q4	11.6	8.2	14.9	32.2
2013 Q1	11.8	6.3	16.4	32.1
2013 Q2	11.5	7.7	16.1	29.3
2013 Q3	12.0	9.6	17.2	28.4
2013 Q4	11.9	10.5	15.3	26.0
2014 Q1	12.5	8.6	18.0	21.6
2014 Q2	12.8	14.3	17.1	19.0
2014 Q3	13.1	11.3	20.3	12.0
2014 Q4	12.8	12.3	18.5	10.3

2015 Q1	12.6	7.6	20.8	5.0
2015 Q2	12.8	6.7	21.3	14.7

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar).
2. Q2 refers to Quarter 2 (Apr to June).
3. Q3 refers to Quarter 3 (July to Sept).
4. Q4 refers to Quarter 4 (Oct to Dec).

5 . Economic context

Between Quarter 1 and Quarter 2 2015 the net rate of return of UK companies grew slightly, from 12.6% to 12.8%. This coincided with an improvement in economic conditions; GDP grew by 0.7% in Quarter 2 2015, compared with 0.4% in Quarter 1 2015. Business investment grew by 1.6% in Quarter 2 2015, faster than the average growth in business investment since the downturn. Ernst and Young have reported that just 57 profit warnings were issued by UK quoted companies in Quarter 2 2015, a near 2-year low. Companies producing oil and gas issued no warnings in Quarter 2 2015, helped by a slight rise in oil prices and an internal cost decrease. The highest number of warnings (10) were issued by software and computer services companies.

While the aggregate net rate of return grew slightly on a quarterly basis, this masked some disparities between industries. The net rate of return for manufacturing industries declined from 7.6% in Quarter 1 2015 to 6.7% in Quarter 2 2015, its lowest level for two years. This was mainly driven by a decline in operating surplus. Output growth in the manufacturing industry also declined to -0.5% in Quarter 2 2015, from -0.1% in Quarter 1 2015.

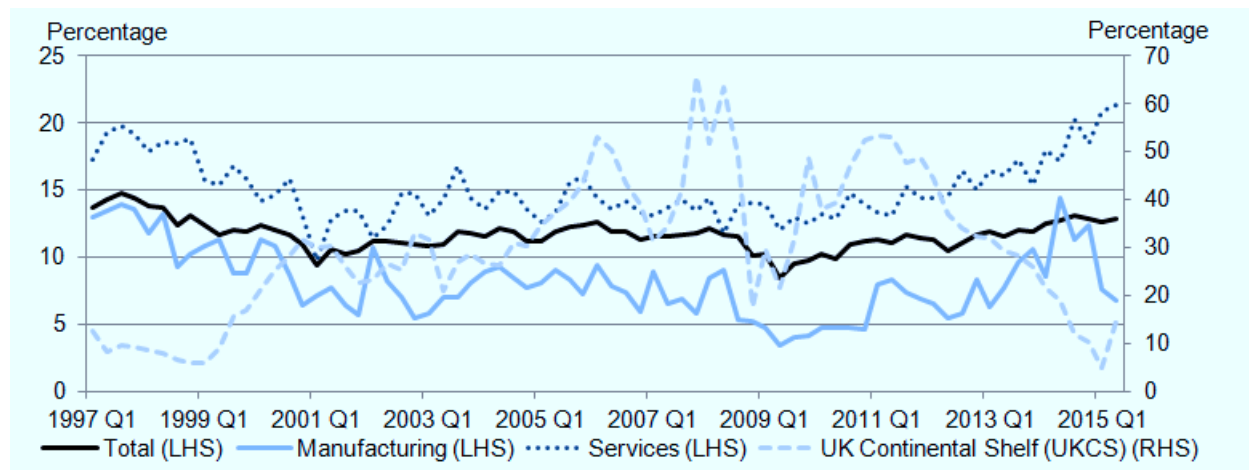
In contrast, the net rate of return in the service industries increased from 20.8% in Quarter 1 2015 to 21.3% in Quarter 2 2015, which is the highest rate since comparable records began in 1997. The [Confederation of British Industry \(CBI\) Service Sector Survey](#) reported strong growth in the profitability of consumer services in the three months leading to May, with profitability for business services growing as well. The service industries are by far the largest part of the UK economy and in Quarter 2 2015 they supported overall GDP growth, growing by 0.6%.

The net rate of return for United Kingdom Continental Shelf (UKCS) companies grew strongly to 14.7% in Quarter 2 2015 from 5.0% in Quarter 1 2015. This coincided with a sharp increase in growth of the output of mining and quarrying industries (7.5% in Quarter 2 2015 compared with 0.5% in Quarter 1 2015) and extraction of crude petroleum and natural gas in particular (12.7% in Quarter 2 2015 when compared with 0.5% in Quarter 1 2015). The tax changes announced in the March 2015 Budget may have been contributing factors to the growth in oil and gas extraction. These included a new Investment Allowance, a reduction in the supplementary tax charge from 30% to 20% with effect from January 1 2015, and a reduction in the rate of Petroleum Revenue Tax paid on older oil and gas fields from 50% to 35%.

As discussed in the background notes, there have been revisions to the profitability data going back to Quarter 1 1997 in order to make the data consistent with Blue Book 2015. The release of Blue Book 2015 constitutes the ONS annual update of the National Accounts. These (methodological and data) changes are designed to ensure that official statistics reflect the changing nature of the UK and global economies, to enable fair and meaningful international comparisons and to permit analysis of current economic trends on the best available data. For this reason a historical analysis of profitability has been undertaken in the next section.

Figure 2: Net rate of return, percent Q1 1997 to Q2 2015

UK



Between Quarter 1 1997 and Quarter 2 2015 the UK economy grew at an average rate of 0.5% per quarter. However, total business profitability (expressed as the net rate of return of total private non-financial corporations) followed an overall slight downward trend, comprised of 4 distinct periods:

- between Quarter 1 1997 and Quarter 1 2001 companies' profitability followed a generally downward trend, declining from 13.7% at the beginning of the period to 9.4% at the end of the period. This was driven by a decrease in the net operating surplus and an increase in the level of capital employed
- between Quarter 1 2001 and the economy's peak in Quarter 1 2008, business profitability followed a generally upward trend, increasing by 2.7 percentage points overall, mainly driven by a strong increase in net operating surplus
- during the economy's downturn (Quarter 1 2008 to Quarter 2 2009) the net rate of return of total private non-financial corporations followed a broadly downward trend, decreasing from 12.2% in Quarter 1 2008 to its lowest value of 8.5% in Quarter 2 2009
- following the economic downturn business profitability followed a broadly upward trend, rising from 8.5% in Quarter 2 2009 to 12.8% in Quarter 2 2015. This was mainly due to a 74.4% increase in net operating surplus over this period

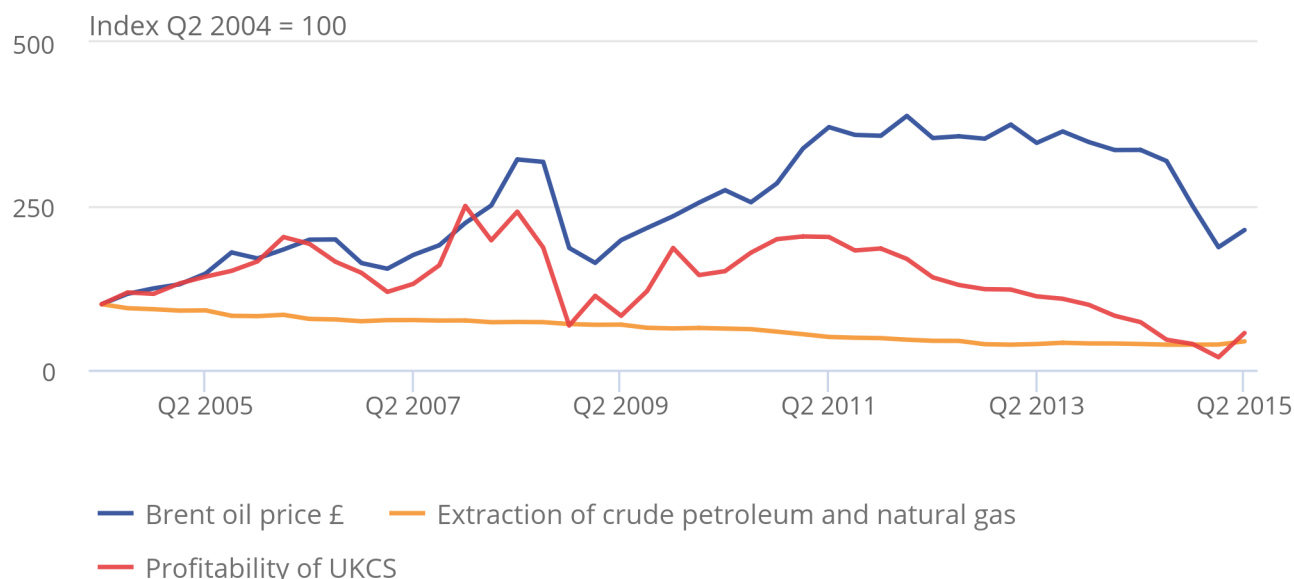
Figure 2 shows that over the whole period (1997 - 2015) manufacturing has been on average 6.9 percentage points less profitable than services and broadly followed the trends observed in total profitability. During the economic downturn (Quarter 1 2008 and Quarter 2 2009) the profitability of manufacturing industries contracted more sharply (5.0 percentage points) than both services (2.4 percentage points) and total profitability (3.7 percentage points). Moreover, between Quarter 2 2009 and Quarter 2 2014 manufacturing profitability recovered more strongly (growing on average by 0.5 percentage points per quarter) than total and services profitability (both growing on average by 0.2 percentage points per quarter). However, in the latest 4 quarters the profitability of manufacturing has followed a broadly downward trend while services has followed a broadly upward trend with total profitability being relatively flat over the period.

Figure 3: Comparison between Brent oil price in £, extraction of crude petroleum and profitability of UKCS

Index Q2 2004 = 100, UK

Figure 3: Comparison between Brent oil price in £, extraction of crude petroleum and profitability of UKCS

Index Q2 2004 = 100, UK



Source: Office for National Statistics

Figure 3 shows that the profitability of UK continental shelf (UKCS) companies is related to both the crude oil price and oil and gas output. The price of Brent oil in sterling experienced some volatility between Quarter 2 2004 and Quarter 2 2015 but it followed a generally upward trend while output consistently decreased over the same period due to North Sea oil becoming increasingly challenging to extract. As a result of the decreasing output the profitability of UKCS companies has followed a broadly downward trend between Quarter 2 2004 and Quarter 2 2015.

6 . Manufacturing and service companies, quarter 2 2015

Manufacturing Companies

The estimated net rate of return for manufacturing companies in Quarter 2 2015 was 6.7%. This was 0.9 percentage points lower than Quarter 1 2015.

As Figure 4 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 2 2015 was 21.3%. This was the highest estimated rate since the series began, surpassing the previous highest revised estimate of 20.8% for Quarter 1 2015.

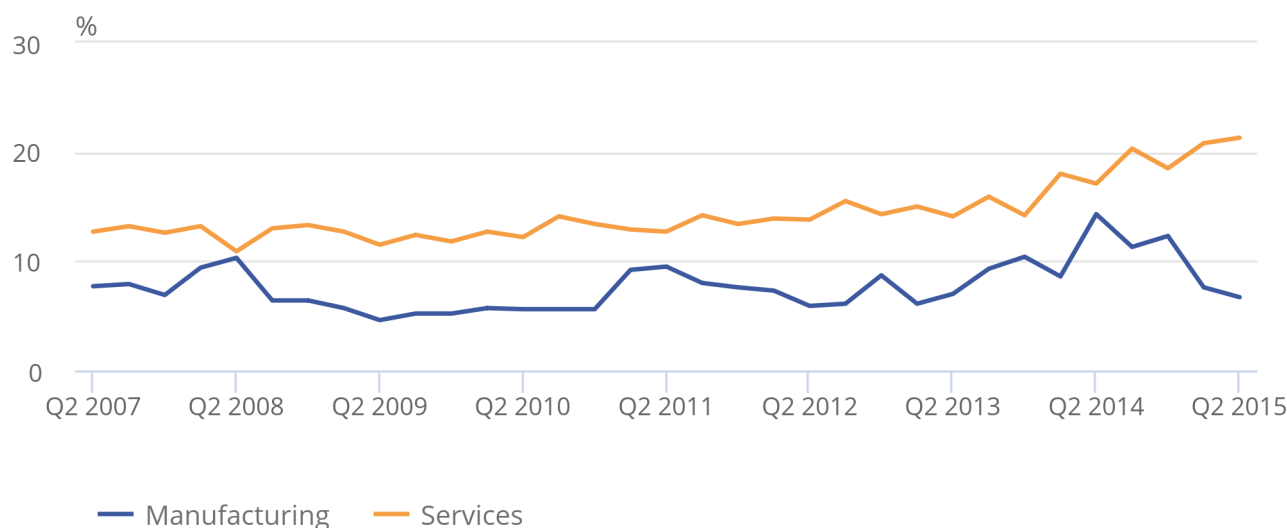
Figure 4 shows the net rate of return for service companies since Quarter 2 2007. The underlying trend in recent years reflects the improving economic conditions.

Figure 4: Net rate of return of Manufacturing and Services Companies, Quarter 2 2007 to Quarter 2 2015

UK

Figure 4: Net rate of return of Manufacturing and Services Companies, Quarter 2 2007 to Quarter 2 2015

UK



Source: Office for National Statistics

7 . United Kingdom non-continental shelf (UK non-CS) companies, quarter 2 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 2 2015 was 12.8%, which is 0.1 percentage points lower than the revised estimate of 12.9% for Quarter 1 2015.

As the net rate of return of UK non-CS companies makes up the majority of private non-financial corporations, Figure 5 shows a comparable picture to that of all private non-financial corporations (Figure 1).

Figure 5: Net rate of return of UK non-CS companies

UK

Figure 5: Net rate of return of UK non-CS companies

UK



Source: Office for National Statistics

8 . United Kingdom continental shelf (UKCS) companies, quarter 2 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 2 2015 was 14.7%. This was up 9.7 percentage points from the revised estimate of 5.0% in Quarter 1 2015, the lowest quarterly figure since the series began in 1997. The increase is reflective of movements in Brent crude oil prices, which fell dramatically during Quarter 1 2015 to a low of £241 / tonne. Oil prices were higher during Quarter 2, briefly reaching £311 / tonne in May before falling again in June.

Figure 6: Net rate of return of UKCS companies, Quarter 2 2007 to Quarter 2 2015

UK

Figure 6: Net rate of return of UKCS companies, Quarter 2 2007 to Quarter 2 2015

UK



Source: Office for National Statistics

9 . 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. The Eurostat measure includes the activity of other profit-making sectors, such as financial corporations and public corporations, while the rest of this bulletin refers to the activities of private non-financial corporations only.

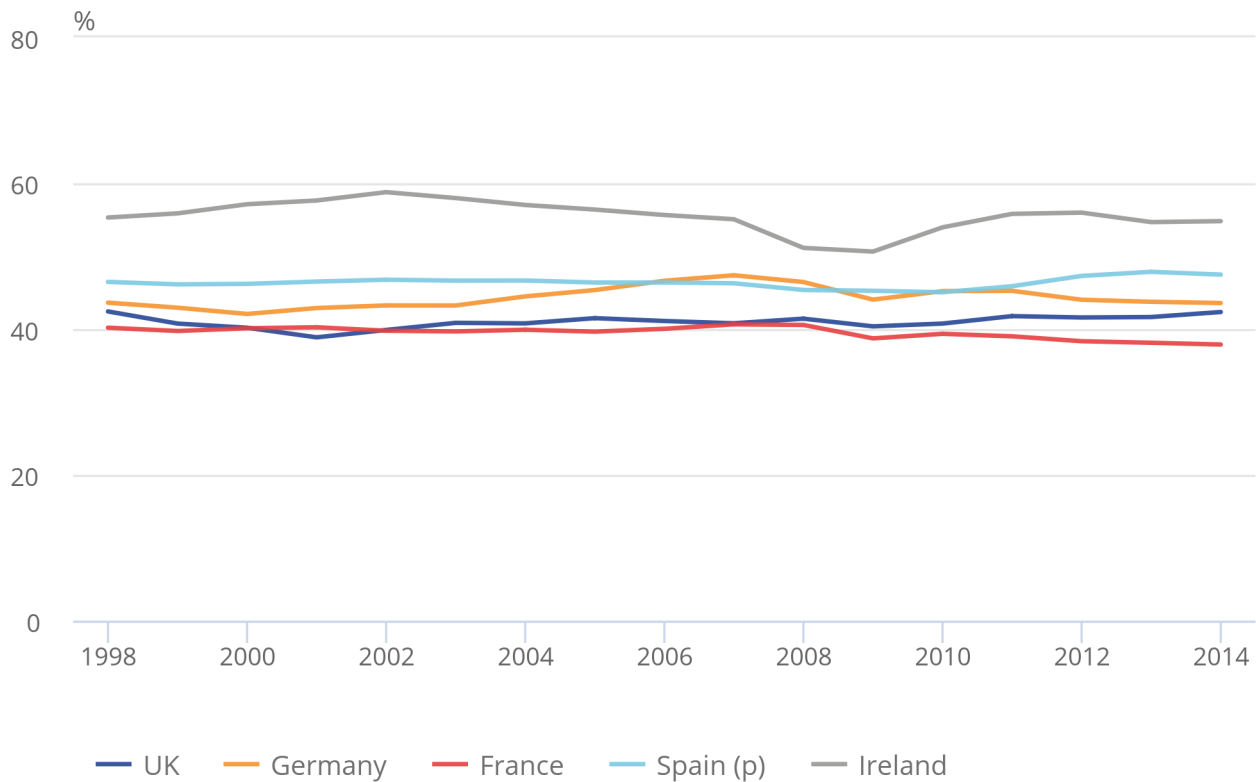
International data on an ESA10 basis are only available at the aggregate national level, shown for selected countries below (Figure 7).

Figure 7: International Comparisons, Quarter 2 Apr to June 2004 to Quarter 2 Apr to June 2014

UK

Figure 7: International Comparisons, Quarter 2 Apr to June 2004 to Quarter 2 Apr to June 2014

UK



Source: Office for National Statistics, Eurostat

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 (37.9%), but remains below the share in Germany (43.6%), Spain (47.5%) and Ireland (54.8%).

10. Background notes

1. What's new

Revisions

As advised last quarter, revisions to rates of return have been incorporated in this release from Quarter 1 1997 to ensure consistency with [Blue Book 2015](#). The most significant of these changes are:

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

Further details on the first of these changes are available in the [Capital Stocks and consumption of Fixed Capital – 2015](#) release published on 1 December 2015. Due to the impact of these changes, an expanded economic commentary has been presented this quarter. The revisions to the time series are presented in Table R1 accompanying this bulletin.

2. Understanding the data

Interpreting the data

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 sources of operating surpluses data used in the compilation of the rates of return are the Quarterly Operating Profits Survey (QOPS) and company profits data provided by HM Revenue and Customs (HMRC).

The underlying capital data used to calculate these rates of return are based upon capital stocks and capital consumption data.

Definitions and explanations

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 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 changes in the value of inventories due only to price. Book values are deflated to constant prices, 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 two periods, which are the holding gains.

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 such as software. **Capital employed** is the average value of fixed assets, during the period, plus the value of inventories. 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.

Gross capital stock shows how much the economy's assets would cost to buy again as new, or their replacement cost. 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).

In the calculations for net rates of return, estimates of net operating surplus are net of the **consumption of fixed capital** (depreciation). The consumption of fixed capital is derived from capital stock and covers the depreciation of fixed assets over their service lives.

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 [Blue Book 2015](#), published on 30 October 2015.

3. Methods

Sampling methodology

Details on the methods used for the Quarterly Operating Profits survey are available in the [Quality Methodology Information document \(160.1 Kb Pdf\)](#).

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, which was published on 25 June 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) also draws upon definitive, comprehensive, HMRC data. The [Quality Methodology Information report \(118.8 Kb Pdf\)](#) for Profitability is available on the Office for National Statistics website.

Revisions

Table R1 accompanying this bulletin shows the revisions to the net rates of return made back to Quarter 1 1997. These revisions are consistent with the data published in the [Blue Book 2015](#) published on 30 October 2015 and the article 'Impact of the methodological changes to the estimation of capital stocks and consumption of fixed capital', published on 1 December 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 \(41.6 Kb Pdf\)](#). ONS has a web page dedicated to [revisions to economic statistics](#) which brings together ONS work on revisions analysis, links to relevant articles, revisions policies and key documentation from the Statistics Commission's report on revisions.

Further detailed information on all changes to National Accounts can be found here.

[Impact of methods changes to the National Accounts and Sector and Financial Accounts, QUARTER 1 1997 to QUARTER 2 2015 \(373.7 Kb Pdf\)](#)

(In particular see page 13 for information regarding changes to (GFCF) and page 19 for information regarding PNFCs GOS).

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

[United Kingdom National Accounts, the Blue Book, 2015 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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7. Accessing data

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

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These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.

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	LRYP
1997	13.4	14.3	10.5	9.8	13.7	14.6	12.8	13.5	17.5	18.8
1998	12.8	13.2	8.8	7.1	13.1	13.7	11.3	11.1	17.0	18.4
1999	12.0	12.0	10.7	11.7	12.1	12.0	10.6	9.9	15.5	15.9
2000	11.8	11.8	16.7	26.5	11.4	11.0	10.2	9.3	14.5	14.4
2001	10.8	10.2	16.3	27.2	10.4	9.4	8.6	6.7	13.2	12.4
2002	11.5	11.1	16.1	27.0	11.2	10.4	9.3	7.8	14.1	13.3
2003	11.6	11.3	15.9	27.0	11.3	10.7	8.6	7.0	14.7	14.6
2004	11.7	11.7	16.3	28.5	11.4	11.1	9.5	8.6	14.4	14.2
2005	11.8	11.9	20.1	38.7	11.3	11.0	9.2	8.2	14.3	14.4
2006	11.8	11.9	23.3	46.4	11.1	10.8	8.9	7.6	13.9	13.8
2007	11.5	11.6	22.2	43.2	10.9	10.6	8.4	7.0	13.7	13.6
2008	11.1	11.3	23.3	45.4	10.5	10.3	8.3	7.0	13.3	13.5
2009	10.1	9.5	18.7	32.7	9.6	8.8	6.8	4.1	12.9	12.8
2010	10.7	10.5	23.3	44.1	10.1	9.5	7.0	4.7	13.4	13.7
2011	11.1	11.3	27.1	50.6	10.4	10.1	8.6	7.6	13.5	14.0
2012	10.9	11.1	22.7	36.7	10.4	10.3	7.9	6.5	14.0	15.0
2013	11.3	11.8	20.1	28.9	10.9	11.2	9.0	8.5	14.7	16.2
2014	11.9	12.8	14.4	15.6	11.8	12.7	10.7	11.6	16.0	18.5

Source: Office for National Statistics

- 1 Private non-financial corporations are comprised of UK Continental Shelf, manufacturing, non-financial service sector companies and others (including construction, electricity and gas supply, agriculture, mining and quarrying).
- 2 Underlying data are presented in tables 3 to 7. Background notes to this release and all footnotes in Table 1 apply to all tables.
- 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
 - 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 1997 to ensure consistency with the National Accounts Blue Book 2015.
- 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	LRYP	LRYC	LRYP	LRYQ
1997 Q1	13.0	13.7	12.3	12.5	13.1	13.8	12.8	13.0	17.1	17.2
Q2	13.5	14.3	9.7	8.3	13.9	14.8	12.6	13.4	17.6	19.3
Q3	13.8	14.8	10.2	9.5	14.1	15.2	12.9	13.9	17.9	19.8
Q4	13.5	14.4	10.1	9.3	13.9	14.8	12.7	13.6	17.5	19.1
1998 Q1	13.1	13.8	9.5	8.4	13.5	14.2	11.7	11.8	16.6	17.8
Q2	13.0	13.6	9.1	7.8	13.4	14.1	12.5	13.2	17.0	18.5
Q3	12.2	12.3	8.4	6.4	12.6	12.8	10.1	9.3	17.0	18.5
Q4	12.7	13.1	8.1	5.8	13.1	13.6	10.7	10.2	17.3	18.8
1999 Q1	12.2	12.4	8.1	5.9	12.6	12.8	11.1	10.9	15.3	15.7
Q2	11.7	11.6	9.3	8.8	12.0	11.8	11.4	11.3	15.0	15.3
Q3	12.0	12.0	12.4	15.5	12.0	11.8	9.9	8.8	16.1	16.8
Q4	12.0	11.9	12.9	16.9	11.9	11.6	10.0	8.8	15.5	15.8
2000 Q1	12.3	12.4	14.7	21.4	12.1	11.9	11.4	11.3	14.3	14.1
Q2	11.9	12.0	16.1	25.3	11.6	11.3	11.0	10.8	14.6	14.6
Q3	11.7	11.7	17.3	28.2	11.3	10.8	9.8	8.7	15.3	15.8
Q4	11.3	11.0	18.6	31.5	10.8	9.9	8.5	6.4	13.6	13.0
2001 Q1	10.4	9.4	17.7	30.1	9.8	8.4	8.9	7.1	11.5	9.8
Q2	11.0	10.6	17.6	30.3	10.6	9.6	9.2	7.7	13.4	12.8
Q3	10.9	10.2	15.6	25.8	10.5	9.5	8.4	6.4	13.9	13.4
Q4	11.0	10.4	14.2	22.4	10.8	9.9	8.0	5.7	13.9	13.5
2002 Q1	11.5	11.2	14.6	23.3	11.3	10.6	11.0	10.6	12.7	11.4
Q2	11.6	11.1	16.0	26.7	11.3	10.5	9.6	8.2	13.6	12.4
Q3	11.6	11.0	15.4	25.1	11.3	10.4	8.9	7.0	15.2	14.8
Q4	11.5	10.9	18.4	33.1	11.0	10.0	7.8	5.4	15.1	14.8
2003 Q1	11.3	10.8	17.8	31.6	10.9	10.0	8.0	5.8	13.9	13.1
Q2	11.2	10.9	13.5	21.0	11.0	10.5	8.6	7.0	14.3	14.2
Q3	11.9	11.9	15.8	26.9	11.6	11.3	8.6	7.0	16.1	16.7
Q4	11.8	11.8	16.5	28.6	11.5	11.2	9.3	8.1	14.6	14.4
2004 Q1	11.7	11.5	15.7	26.6	11.4	11.0	9.7	8.9	14.0	13.6
Q2	12.0	12.1	15.4	26.2	11.7	11.6	9.8	9.3	14.8	14.9
Q3	11.9	11.9	17.2	30.9	11.5	11.2	9.3	8.4	14.9	14.9
Q4	11.4	11.2	17.0	30.3	11.1	10.5	9.0	7.7	13.9	13.5
2005 Q1	11.3	11.2	18.5	34.5	10.8	10.4	9.1	8.0	13.1	12.6
Q2	11.7	11.9	19.5	37.2	11.2	11.0	9.6	9.0	13.5	13.3
Q3	12.0	12.3	20.5	39.5	11.5	11.3	9.3	8.3	15.1	15.6
Q4	12.1	12.3	22.0	43.3	11.5	11.3	8.7	7.3	15.4	15.9
2006 Q1	12.2	12.6	25.8	53.1	11.4	11.2	9.9	9.4	14.3	14.3
Q2	11.7	11.9	24.8	50.3	11.0	10.6	9.0	7.8	13.7	13.5
Q3	11.8	11.9	22.1	43.2	11.2	10.9	8.7	7.4	14.2	14.1
Q4	11.4	11.3	20.5	38.8	10.9	10.4	7.9	6.0	13.6	13.3
2007 Q1	11.4	11.5	17.4	31.1	11.1	10.8	9.5	8.9	13.4	13.1
Q2	11.4	11.5	18.7	34.3	11.0	10.8	8.1	6.5	13.7	13.6
Q3	11.5	11.6	21.7	41.8	11.0	10.7	8.3	6.8	14.2	14.3
Q4	11.6	11.7	31.2	65.5	10.6	10.0	7.8	5.8	13.6	13.5
2008 Q1	11.7	12.2	25.7	51.7	11.0	10.9	9.2	8.4	14.0	14.4
Q2	11.3	11.7	30.2	63.2	10.4	10.0	9.5	9.0	12.2	11.7
Q3	11.2	11.5	24.7	48.9	10.6	10.3	7.3	5.3	13.5	13.9
Q4	10.3	10.0	12.5	17.6	10.2	9.8	7.3	5.2	13.6	14.0
2009 Q1	10.5	10.2	17.3	29.5	10.2	9.6	7.2	4.7	13.6	13.9
Q2	9.5	8.5	14.3	21.6	9.3	8.1	6.5	3.4	12.4	12.0
Q3	10.1	9.5	18.1	31.4	9.7	8.8	6.7	4.1	13.0	12.9
Q4	10.2	9.7	25.0	48.7	9.5	8.5	6.7	4.2	12.6	12.4
2010 Q1	10.4	10.2	20.7	37.8	9.9	9.3	7.0	4.7	13.1	13.2
Q2	10.3	9.9	21.4	39.4	9.8	9.0	7.0	4.7	12.8	12.8
Q3	10.9	10.9	24.5	46.8	10.3	9.8	7.0	4.7	14.1	14.8
Q4	11.1	11.2	26.9	52.2	10.3	10.0	7.0	4.6	13.5	13.9
2011 Q1	11.1	11.3	27.7	53.3	10.3	10.0	8.8	8.0	13.1	13.3
Q2	10.8	11.0	27.9	53.1	10.1	9.7	8.9	8.3	12.8	13.0
Q3	11.3	11.6	26.1	47.7	10.6	10.5	8.4	7.3	14.3	15.2
Q4	11.2	11.4	26.9	48.5	10.5	10.3	8.2	6.9	13.7	14.3
2012 Q1	11.0	11.3	25.6	44.3	10.4	10.2	8.0	6.5	13.7	14.4
Q2	10.5	10.4	22.6	36.9	10.0	9.6	7.4	5.4	13.7	14.5
Q3	10.9	11.0	21.5	33.9	10.4	10.3	7.5	5.8	14.8	16.3
Q4	11.2	11.6	21.0	32.2	10.8	10.9	8.9	8.2	13.9	14.9
2013 Q1	11.3	11.8	21.2	32.1	10.8	11.1	7.7	6.3	14.7	16.4
Q2	11.1	11.5	20.2	29.3	10.7	10.9	8.5	7.7	14.6	16.1
Q3	11.4	12.0	20.0	28.4	11.0	11.4	9.6	9.6	15.3	17.2
Q4	11.4	11.9	19.2	26.0	11.0	11.4	10.1	10.5	14.1	15.3
2014 Q1	11.7	12.5	17.2	21.6	11.4	12.2	9.0	8.6	15.7	18.0
Q2	11.8	12.8	16.1	19.0	11.7	12.5	12.2	14.3	15.1	17.1
Q3	12.1	13.1	12.5	12.0	12.0	13.1	10.5	11.3	17.2	20.3
Q4	11.9	12.8	11.7	10.3	11.9	12.9	11.1	12.3	16.1	18.5
2015 Q1	11.8	12.6	8.9	5.0	11.9	12.9	8.5	7.6	17.5	20.8
Q2	11.9	12.8	14.2	14.7	11.8	12.8	8.0	6.7	17.8	21.3

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	13.4	14.3	199.7	68.3	131.4	1 484.7	919.4
1998	12.8	13.2	195.7	69.7	126.0	1 533.5	952.8
1999	12.0	12.0	194.2	73.7	120.6	1 616.4	1 007.8
2000	11.8	11.8	203.2	76.7	126.5	1 720.3	1 076.4
2001	10.8	10.2	196.0	80.5	115.5	1 812.0	1 137.0
2002	11.5	11.1	211.4	83.5	128.0	1 831.8	1 157.1
2003	11.6	11.3	224.2	85.5	138.7	1 941.3	1 222.7
2004	11.7	11.7	233.7	87.0	146.6	1 993.1	1 252.8
2005	11.8	11.9	249.4	90.4	159.0	2 121.4	1 332.9
2006	11.8	11.9	261.5	95.1	166.4	2 222.3	1 397.2
2007	11.5	11.6	268.8	98.0	170.8	2 340.1	1 472.9
2008	11.1	11.3	280.2	101.5	178.7	2 513.3	1 577.5
2009	10.1	9.5	252.0	104.5	147.4	2 504.1	1 558.8
2010	10.7	10.5	265.9	103.3	162.5	2 496.3	1 543.2
2011	11.1	11.3	287.6	106.6	181.1	2 593.4	1 598.1
2012	10.9	11.1	290.5	108.9	181.6	2 663.5	1 639.4
2013	11.3	11.8	313.3	111.4	201.9	2 773.8	1 709.8
2014	11.9	12.8	339.4	113.9	225.5	2 858.9	1 765.6

See footnotes on Table 1

4 Rates of Return of UK Continental Shelf Companies

Year	Percentage Rate of Return				£ billion	Capital Employed	
	Gross	Net ¹	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Gross	Net
	LRXD	LRXE	LRWX	BGYB	LRWY	LRXB	LRXC
1997	10.5	9.8	13.8	7.2	6.7	131.1	67.6
1998	8.8	7.1	11.5	7.0	4.5	131.0	63.8
1999	10.7	11.7	13.7	6.8	6.9	128.6	59.1
2000	16.7	26.5	21.2	6.6	14.5	127.1	54.9
2001	16.3	27.2	20.1	6.4	13.7	123.4	50.3
2002	16.1	27.0	19.1	6.4	12.7	118.6	47.0
2003	15.9	27.0	18.8	6.2	12.5	118.1	46.5
2004	16.3	28.5	18.7	6.1	12.5	114.5	44.0
2005	20.1	38.7	23.6	6.3	17.2	117.2	44.6
2006	23.3	46.4	27.3	6.5	20.8	117.1	44.9
2007	22.2	43.2	26.1	6.4	19.7	117.3	45.6
2008	23.3	45.4	28.1	6.5	21.6	120.6	47.6
2009	18.7	32.7	21.5	6.4	15.0	115.0	45.9
2010	23.3	44.1	25.4	6.0	19.4	108.7	44.1
2011	27.1	50.6	29.8	6.2	23.6	109.8	46.7
2012	22.7	36.7	25.2	6.6	18.7	111.3	50.9
2013	20.1	28.9	23.5	6.9	16.5	116.6	57.3
2014	14.4	15.6	17.5	7.5	10.0	122.1	64.2

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	Capital Employed	
	Gross	Net	Gross Operating Surplus	Capital Consumption	Net Operating Surplus	Gross	Net
	LRXO	LRXP	LRXG	BGYC	LRXH	LRXM	LRXN
1997	13.7	14.6	185.9	61.1	124.7	1 353.7	851.8
1998	13.1	13.7	184.2	62.7	121.4	1 402.5	889.0
1999	12.1	12.0	180.5	66.8	113.7	1 487.8	948.8
2000	11.4	11.0	182.1	70.1	112.0	1 593.2	1 021.5
2001	10.4	9.4	175.9	74.1	101.8	1 688.6	1 086.7
2002	11.2	10.4	192.3	77.1	115.3	1 713.3	1 110.0
2003	11.3	10.7	205.4	79.2	126.2	1 823.2	1 176.2
2004	11.4	11.1	215.0	80.9	134.1	1 878.6	1 208.8
2005	11.3	11.0	225.8	84.0	141.8	2 004.2	1 288.3
2006	11.1	10.8	234.2	88.6	145.6	2 105.2	1 352.3
2007	10.9	10.6	242.7	91.7	151.1	2 222.8	1 427.3
2008	10.5	10.3	252.1	95.0	157.1	2 392.7	1 529.9
2009	9.6	8.8	230.5	98.1	132.4	2 389.1	1 512.8
2010	10.1	9.5	240.5	97.3	143.1	2 387.5	1 499.2
2011	10.4	10.1	257.8	100.4	157.5	2 483.6	1 551.4
2012	10.4	10.3	265.2	102.3	162.9	2 552.1	1 588.6
2013	10.9	11.2	289.9	104.5	185.4	2 657.2	1 652.5
2014	11.8	12.7	321.8	106.4	215.5	2 736.8	1 701.3

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	13.5	52.0	19.0	33.0	407.5	245.1
1998	11.3	11.1	47.0	19.2	27.8	417.9	250.6
1999	10.6	9.9	45.7	20.0	25.7	430.9	259.0
2000	10.2	9.3	45.7	20.6	25.1	449.4	270.5
2001	8.6	6.7	39.6	21.0	18.6	459.3	275.7
2002	9.3	7.8	42.5	21.2	21.3	455.1	271.8
2003	8.6	7.0	39.4	20.5	18.9	457.0	270.8
2004	9.5	8.6	43.0	20.1	22.9	454.3	267.3
2005	9.2	8.2	44.3	21.1	23.2	482.0	284.5
2006	8.9	7.6	44.5	21.8	22.6	501.3	296.7
2007	8.4	7.0	43.4	22.2	21.2	515.1	302.3
2008	8.3	7.0	46.2	23.7	22.5	555.9	323.9
2009	6.8	4.1	37.3	24.4	12.9	550.2	315.6
2010	7.0	4.7	37.7	23.3	14.4	541.5	308.2
2011	8.6	7.6	47.9	24.0	24.0	557.2	315.1
2012	7.9	6.5	44.3	24.0	20.3	558.7	313.9
2013	9.0	8.5	51.3	24.1	27.2	569.4	318.4
2014	10.7	11.6	61.3	24.0	37.3	574.6	321.0

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	17.5	18.8	113.4	34.4	79.0	647.1	419.5
1998	17.0	18.4	116.9	35.5	81.3	687.6	441.4
1999	15.5	15.9	114.6	38.5	76.1	740.4	478.7
2000	14.5	14.4	115.9	40.7	75.2	802.2	522.6
2001	13.2	12.4	114.0	43.8	70.1	862.9	565.5
2002	14.1	13.3	123.8	46.3	77.5	875.4	581.3
2003	14.7	14.6	141.8	48.9	92.9	962.9	635.1
2004	14.4	14.2	145.0	50.8	94.2	1 008.1	662.8
2005	14.3	14.4	153.6	52.3	101.2	1 073.2	703.5
2006	13.9	13.8	157.8	55.6	102.2	1 131.6	739.6
2007	13.7	13.6	165.0	57.8	107.2	1 203.6	786.8
2008	13.3	13.5	172.2	58.7	113.6	1 295.0	841.8
2009	12.9	12.8	167.6	60.4	107.2	1 300.5	837.0
2010	13.4	13.7	175.2	60.9	114.3	1 311.0	835.5
2011	13.5	14.0	183.6	62.7	120.9	1 364.1	863.9
2012	14.0	15.0	196.6	63.9	132.8	1 402.1	883.2
2013	14.7	16.2	213.7	65.1	148.5	1 455.8	915.1
2014	16.0	18.5	239.4	66.7	172.8	1 494.1	935.8

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 LRYC	Service Sector PNFCs LRYQ
1997	0.9	-14.6	1.9	-0.6	4.5
1998	0.8	-13.0	1.8	-0.9	4.4
1999	0.5	-10.8	1.2	-1.3	3.2
2000	0.4	-9.3	1.0	-1.1	2.7
2001	0.3	-7.5	0.8	-1.0	2.2
2002	0.0	-6.5	0.5	-1.2	1.6
2003	-0.2	-4.5	0.2	-1.2	1.3
2004	-0.1	-0.7	0.2	-1.4	1.1
2005	0.2	3.6	0.5	-1.0	1.6
2006	0.1	7.8	0.3	-1.1	1.2
2007	0.2	7.9	0.2	-1.0	1.1
2008	-0.1	5.1	0.1	-1.1	0.9
2009	-0.2	1.2	0.0	-1.1	0.7
2010	-0.3	4.8	-0.2	-0.9	0.6
2011	-0.1	8.5	-0.1	-1.0	0.7
2012	-0.1	4.3	0.0	-0.5	0.6
2013	0.6	2.9	0.6	0.3	1.4
2014	0.8	0.3	0.8	0.8	1.8
Quarter					
1997 Q1	0.7	-15.0	1.8	-0.2	3.7
Q2	1.1	-14.2	2.2	-0.5	5.2
Q3	0.7	-14.3	1.7	-1.0	4.7
Q4	1.0	-14.3	2.0	-0.6	4.8
1998 Q1	1.2	-14.3	2.2	-0.4	4.8
Q2	0.8	-14.0	1.8	-1.1	4.4
Q3	0.7	-11.2	1.6	-1.0	4.2
Q4	0.7	-12.5	1.6	-1.0	4.2
1999 Q1	0.7	-12.6	1.6	-1.0	3.7
Q2	0.3	-10.6	1.0	-1.7	3.0
Q3	0.4	-10.4	1.2	-1.2	3.3
Q4	0.3	-9.4	0.9	-1.4	2.9
2000 Q1	0.3	-10.8	1.0	-1.3	2.8
Q2	0.3	-9.2	1.0	-1.2	2.8
Q3	0.4	-8.8	1.0	-1.0	2.8
Q4	0.4	-8.1	1.0	-0.8	2.5
2001 Q1	0.2	-6.8	0.8	-1.0	2.1
Q2	0.3	-9.5	0.9	-0.9	2.3
Q3	0.2	-6.1	0.7	-1.0	2.1
Q4	0.2	-7.6	0.7	-0.9	2.2
2002 Q1	0.1	-8.1	0.6	-1.4	1.8
Q2	-0.2	-6.5	0.4	-1.3	1.5
Q3	0.0	-6.7	0.5	-1.0	1.8
Q4	0.0	-4.5	0.5	-0.9	1.7
2003 Q1	0.0	-3.9	0.5	-0.9	1.5
Q2	-0.2	-6.2	0.3	-1.2	1.3
Q3	-0.2	-4.4	0.2	-1.2	1.4
Q4	-0.3	-3.3	0.1	-1.5	1.1
2004 Q1	-0.3	-1.8	0.1	-1.6	1.1
Q2	-0.1	-2.7	0.3	-1.3	1.4
Q3	-0.2	0.7	0.0	-1.5	1.0
Q4	-0.1	1.0	0.1	-1.4	1.1
2005 Q1	0.4	3.6	0.6	-1.1	1.5
Q2	0.2	2.1	0.5	-1.1	1.5
Q3	0.2	2.4	0.5	-1.1	1.6
Q4	0.2	5.9	0.4	-1.0	1.5
2006 Q1	0.4	8.3	0.6	-0.9	1.6
Q2	0.2	8.0	0.3	-1.0	1.3
Q3	0.2	6.4	0.4	-1.0	1.2
Q4	-0.3	8.4	-0.3	-1.4	0.5
2007 Q1	0.4	3.1	0.5	-0.8	1.5
Q2	0.0	5.8	0.1	-1.2	0.9
Q3	0.1	7.3	0.2	-1.1	1.1
Q4	0.0	15.0	0.0	-1.1	0.9
2008 Q1	0.1	5.0	0.3	-1.0	1.2
Q2	-0.1	10.6	0.0	-1.3	0.8
Q3	-0.2	4.8	0.0	-1.1	0.9
Q4	-0.3	-0.1	-0.2	-1.2	0.7
2009 Q1	0.0	-1.2	0.3	-1.0	1.2
Q2	-0.3	0.2	-0.2	-1.2	0.5
Q3	-0.3	1.7	-0.2	-1.1	0.5
Q4	-0.3	4.3	-0.1	-1.0	0.6
2010 Q1	-0.2	3.3	-0.2	-1.0	0.5
Q2	-0.2	3.0	-0.1	-0.9	0.6
Q3	-0.2	5.6	-0.1	-0.9	0.7
Q4	-0.2	7.1	-0.1	-1.0	0.5
2011 Q1	-0.3	7.9	-0.3	-1.2	0.4
Q2	-0.2	11.8	-0.3	-1.2	0.3
Q3	0.1	8.6	0.1	-0.7	1.0
Q4	0.0	5.9	0.1	-0.7	0.9
2012 Q1	-0.2	6.3	-0.3	-0.8	0.5
Q2	-0.1	4.3	0.0	-0.5	0.7
Q3	0.1	4.0	0.1	-0.3	0.8
Q4	-0.2	2.9	-0.1	-0.5	0.6
2013 Q1	0.5	4.6	0.5	0.2	1.4
Q2	0.9	3.2	1.0	0.7	2.0
Q3	0.5	1.9	0.5	0.3	1.3
Q4	0.3	2.0	0.4	0.1	1.1
2014 Q1	0.8	0.5	0.9	0.7	1.9
Q2	0.7	1.5	0.7	0.8	1.6
Q3	0.7	-0.4	0.7	0.9	1.8
Q4	0.7	-0.3	0.7	0.9	1.7
2015 Q1	0.7	-2.9	0.8	0.8	1.9

Source: Office for National Statistics

Table R1 shows the revisions to the net rates of return which have been made back to quarter one 1997 in line with the UK National Accounts Blue Book 2015. For more information see the background note to this release.



Next publication: Thursday 7th January 2016

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