



## STATISTICAL PRESS RELEASE

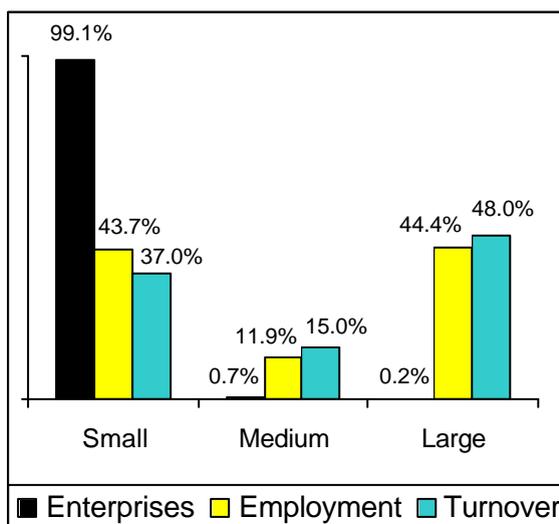
The Small Business Service, an executive agency of the Department of Trade and Industry, today published Small and Medium-sized Enterprise (SME) statistics for the UK 2002.

**There were an estimated 3.8 million business enterprises in the UK at the start of 2002, an increase of 1.4 per cent on the start of 2001.**

This estimate, and figures in this release, include all of the private sector, public corporations and nationalised bodies, but exclude Government and non-profit organisations.

Almost all of these enterprises (99.1 per cent) were small (0 to 49 employees). Only 27,000 were medium-sized (50 to 249 employees) and 7,000 were large (250 or more employees).

**Figure 1**  
Share of businesses, employment and turnover by size of business UK, start of 2002



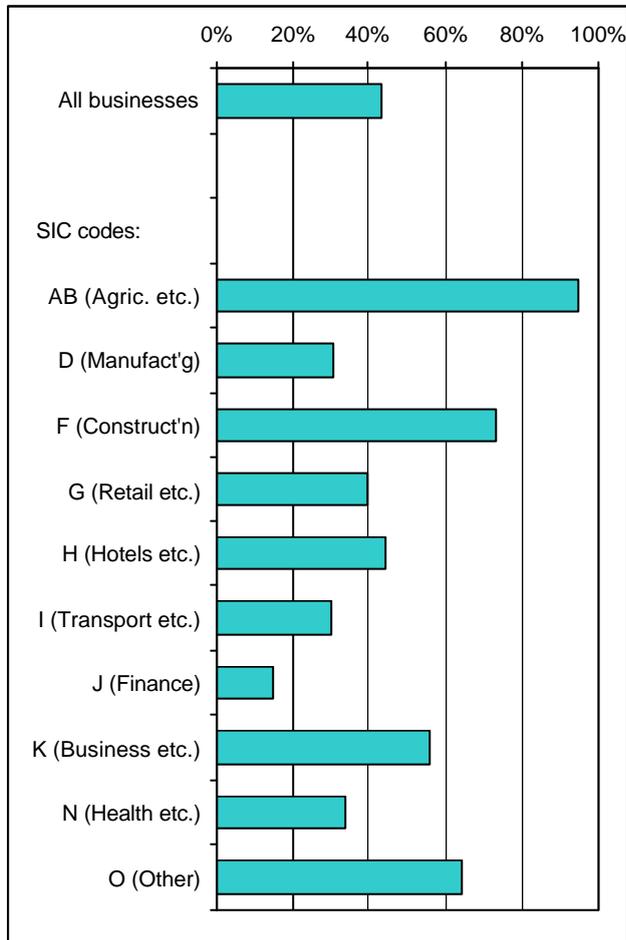
At the start of 2002, SMEs accounted for more than half of the business turnover and employment in the UK (figure 1).

UK business enterprises employed an estimated 22.7 million people, 43.7 per cent in small enterprises and 11.9 per cent in medium-sized enterprises.

The estimated combined turnover of the 3.8 million business enterprises was £2,200 billion. Small enterprises accounted for 37.0 per cent of this, and medium-sized enterprises accounted for 15.0 per cent.

**Figure 2**

Share of **employment** in small businesses (0 to 49 employees) by industry sector, UK, start of 2002



**Industry Patterns**

43.7 per cent of business employment at the start of 2002 was in small businesses.

But this varied between industries (**see Figure 2**).

In Standard Industrial Classification (SIC) 2003 sections AB (Agriculture, Hunting, Forestry and Fishing – nearly all of which is agriculture), 94.7 per cent of employment was in small businesses.

But in section J (Financial Intermediation) only 14.7 per cent of employment was in small businesses.

The share of turnover in small enterprises also varies between industries.

Overall, 37.0 per cent of turnover was in small businesses. But for Manufacturing, this figure is only 19.2 per cent.

**The number of businesses with and without employees**

At the start of 2002, the number of businesses with no employees was 2.6 million, an increase of 1.3 per cent on 2001. These comprised sole proprietorships, partnerships comprising only the self-employed owner-managers, and companies comprising only an employee director. They had an estimated combined turnover of £150 billion.

At the start of 2002, the number of businesses with employees was 1.2 million, an increase of 1.5 per cent on 2001. They had an estimated combined turnover of £2,050 billion.

So 69.3 per cent of enterprises trading at the start of 2002 had no employees. However this figure varies across industries, from 83.3 per cent for Construction, to 14.9 per cent for Hotels and Restaurants.

## **Changes in the number of enterprises over time**

This is the first time that the number of enterprises in the UK has reached 3.8 million since the series began in 1994.

There were 51,000 more enterprises at the start of 2002 than a year earlier, mostly due to a 4.9 per cent rise in the number of companies (incorporated businesses) in the UK, from 862,000 to 904,000. The number of companies with no employees rose by 23,000 (up 7.4 per cent).

Recent changes to Inland Revenue legislation and Corporation Tax rates are thought to have encouraged both employees and self-employed people to incorporate. Sectors K (Real Estate, Renting and Business Activities) and F (Construction) have seen the largest increases in the number of companies, with 20,000 and 5,000 more companies than at the start of 2001 respectively.

## **Sources and accuracy**

There is no single source of estimates of the number of businesses in the UK.

The main source for this publication is the Inter-Departmental Business Register (IDBR), administered by the Office for National Statistics (ONS), which is used to provide the number of registered businesses in the UK.

This publication also includes estimates of very small businesses that do not appear on the IDBR. These are estimated from the ONS Labour Force Survey and the Inland Revenue Survey of Personal Incomes. Since the estimates use survey data, the reliability of the SME statistics is lower for the smallest size class.

A document on methodology and accuracy accompanies this press notice at [www.sbs.gov.uk/statistics/smestats.php](http://www.sbs.gov.uk/statistics/smestats.php), which we recommend you read before interpreting these statistics.

## **Timeliness**

The SME statistics are published eighteen months after the start of the reference year. This reflects the long delays in the reporting of a minority of business births and deaths, and the time taken to record employment in all existing enterprises.

## Notes on this release

Numbers of businesses, employment and turnover figures are rounded, usually to two significant figures. Percentages are rounded to one decimal place. Because of this, figures and percentages in this release may not agree exactly.

The usual definitions of small and medium-sized enterprises depend on more than one factor, including turnover. However, in this release and in the tables accompanying it, a small enterprise is defined as an enterprise with 0 to 49 employees, and a medium-sized enterprise is any enterprise with 50 to 249 employees.

1 billion = 1,000 million.

## A National Statistics publication

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