

STATISTICAL PRESS RELEASE

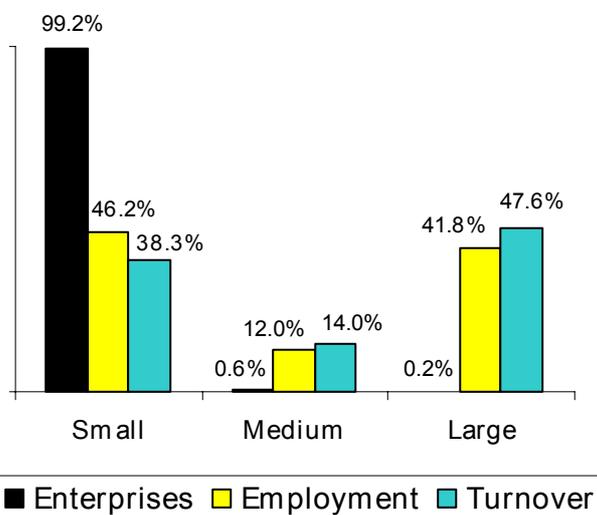
The Small Business Service (SBS), an executive agency of the Department of Trade and Industry, today published Small and Medium-sized Enterprise (SME) Statistics for the UK 2003.

There were an estimated 4.0 million business enterprises in the UK at the start of 2003. This compares with an estimated 3.8 million business enterprises in the UK at the start of 2002.

This estimate, and figures in this release, comprises the private sector (including public corporations and nationalised bodies) and therefore excludes Government and non-profit organisations.

Almost all of these enterprises (99.2 per cent) were small (0 to 49 employees). Only 26,000 (0.6 per cent) were medium-sized (50 to 249 employees) and 6,000 (0.2 per cent) were large (250 or more employees).

Figure 1
Share of businesses, employment and turnover by size of business UK private sector, start of 2003



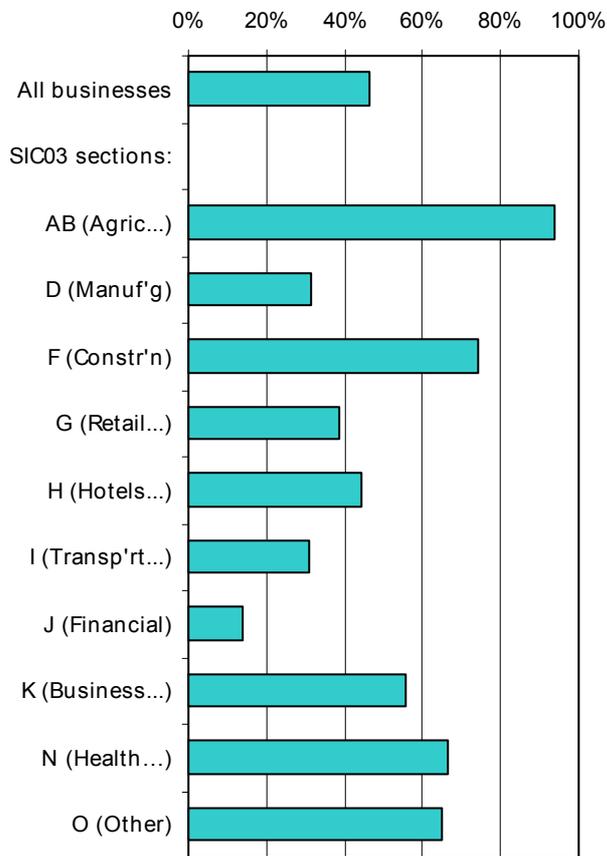
At the start of 2003, UK business enterprises employed an estimated 21.7 million people, and had an estimated combined annual turnover of £2,200 billion.

Small and medium-sized enterprises (SMEs) together accounted for more than half of the employment (58.2 per cent) and turnover (52.4 per cent) in the UK.

Small enterprises alone (0 to 49 employees) accounted for 46.2 per cent of employment and 38.3 per cent of turnover (see Figure 1).

Figure 2

Share of **employment** in small businesses (0 to 49 employees) by industry sector, UK private sector, start of 2003



Note: Data for C (Mining and quarrying) and M (Education) are not available.

Industry Patterns

At the start of 2003, 46.2 per cent of business employment 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), 93.7 per cent of employment was in small businesses.

But in section J (Financial Intermediation) only 13.9 per cent of employment was in small businesses.

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

Overall, 38.3 per cent of turnover was in small businesses. Again, there are variations by industry, ranging from 18.2 per cent in Manufacturing to 90.8 per cent in Agriculture, Hunting, Forestry and Fishing.

The number of businesses with and without employees

At the start of 2003, the number of businesses with no employees was 2.9 million, equivalent to 71.3 per cent of all enterprises. However this varies across industries, from 85.5 per cent for Construction, to 16.7 per cent for Hotels and Restaurants.

Business with no employees are sole proprietorships and partnerships comprising only the self-employed owner-manager(s), and companies comprising only an employee director. They had an estimated combined turnover of £178 billion.

At the start of 2003, the number of businesses with employees was 1.2 million. They had an estimated combined turnover of £2,063 billion.

Legal status

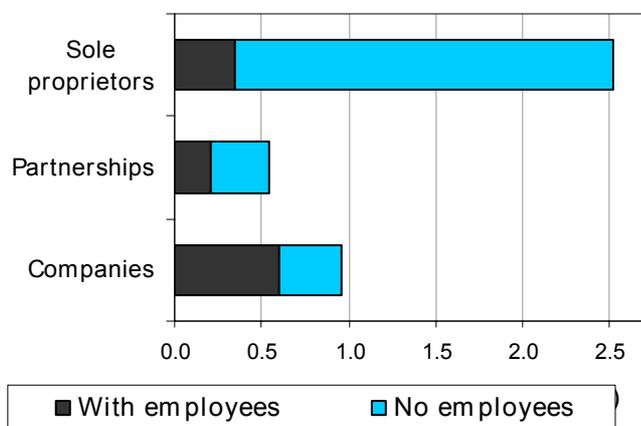
There are 2.52 million sole proprietors in the UK, and 350 thousand (13.7 per cent) of them have employees (see **Figure 3**).

There are 540 thousand partnerships and 210 thousand of them (39.2 per cent) have employees.

There are 960 thousand companies and 600 thousand of them (62.3 per cent) have employees.

Figure 3

Number of businesses with employees, by legal status, UK private sector, start of 2003



Changes in the number of enterprises over time

This is the first time that the estimated number of enterprises in the UK has reached 4.0 million since the series began in 1994. This is an increase from estimates of 3.8 million in 2002, and 3.7 million in the previous seven years.

Technical reasons account for some of the increase. In March 2004, the Office for National Statistics revised the *Labour Force Survey* (LFS) estimates of self-employed jobs, which are used in this publication, which accounts for about 70,000 of the increase. Also, the latest estimates (for the tax year 2001/02) from the Inland Revenue *Survey of Personal Incomes* show an increase from 2000/01 in the proportion of self-employed people working alone rather than in partnership. However, the rest of the increase reflects an actual increase in the number of enterprises in the UK.

Whilst the estimated number of enterprises without employees has risen by 240 thousand (9.0 per cent), the number of enterprises with employees has fallen by 10 thousand (-1.1 per cent).

The number of sole proprietors has increased by 200 thousand (8.5 per cent). The number of companies has increased by 60 thousand (6.2 per cent), whilst the number of partnerships has fallen by 30 thousand (-5.2 per cent).

Notes on this release

Some definitions of Small and Medium-sized Enterprises are based on more than one factor, such as turnover. However, in this release, and in the tables accompanying it, a small enterprise is defined as an enterprise with 0 to 49 employees, a medium-sized enterprise is an enterprise with 50 to 249 employees, and a large enterprise is an enterprise with 250 or more employees.

All figures are rounded to either the nearest 100 thousand or 10 thousand, and therefore may not sum to the totals shown. Percentages are also rounded to one

decimal place. All figures can also be found in the accompanying Excel tables published on the SBS website.

1 billion = 1,000 million.

Timeliness

The SME statistics are published over 18 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.

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/analytical/statistics/smestats.php, which we recommend you read before interpreting these statistics.

A National Statistics publication

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