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### STATISTICAL PRESS RELEASE

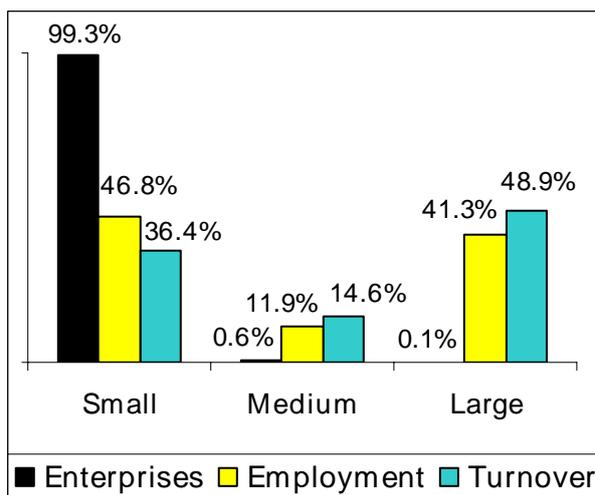
The Small Business Service (SBS), an executive agency of the Department of Trade and Industry, today published Small and Medium-sized Enterprise (SME) Statistics for the UK 2005.

There were an estimated 4.3 million business enterprises in the UK at the start of 2005, an increase of 59,000 (1.4 per cent) on the start of 2004.

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 (99.3 per cent) were small (0 to 49 employees). Only 27,000 (0.6 per cent) were medium-sized (50 to 249 employees) and 6,000 (0.1 per cent) were large (250 or more employees).

**Figure 1**  
Share of enterprises, employment and turnover by size of business  
UK private sector, start of 2005



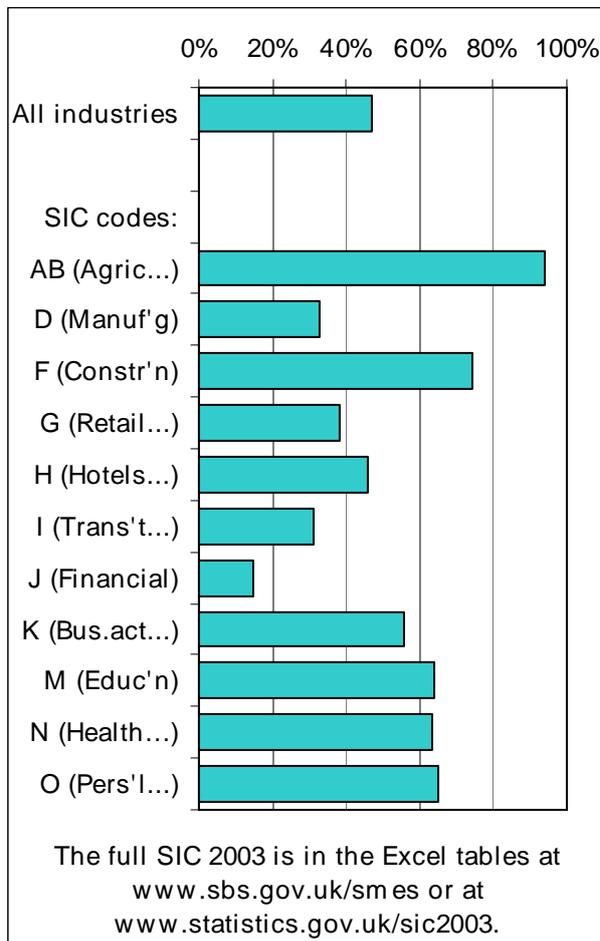
At the start of 2005, UK enterprises employed an estimated 22 million people, and had an estimated combined annual turnover of £2,400 billion.

Small and medium-sized enterprises (SMEs) together accounted for more than half of the employment (58.7 per cent) and turnover (51.1 per cent) in the UK.

Small enterprises alone (0 to 49 employees) accounted for 46.8 per cent of employment and 36.4 per cent of turnover (see Figure 1).

**Figure 2**

Share of **employment** in small enterprises (0 to 49 employees) by industry sector, UK private sector, start of 2005



## Industry Patterns

At the start of 2005, 46.8 per cent of business employment was in small enterprises.

But this varied between industries (see Figure 2).

In Standard Industrial Classification (SIC) 2003 sections AB (agriculture, fishing and forestry), 93.8 per cent of employment was in small enterprises.

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

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

Overall, 36.4 per cent of turnover was in small enterprises. Again, there are variations by industry, ranging from 18.0 per cent in SIC D (Manufacturing) to 89.0 per cent in SIC A and B (Agriculture etc.).

## The number of enterprises with and without employees

At the start of 2005, the number of enterprises with no employees was 3.2 million, equivalent to 72.8 per cent of all enterprises. However this proportion varies among different industries, from 87.5 per cent for SIC M (Education), to 25.3 per cent for SIC H (Hotels and Restaurants).

Enterprises 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 £190 billion.

At the start of 2005, the number of enterprises with employees was 1.2 million. They had an estimated combined turnover of £2,250 billion.

## Legal status

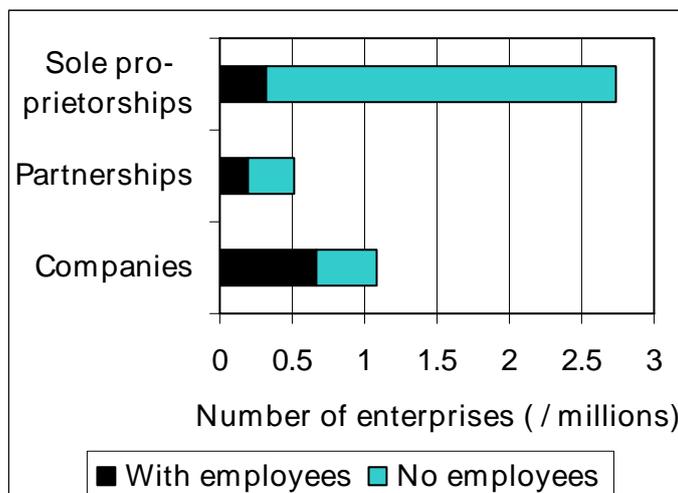
There are an estimated 2.7 million sole proprietors in the UK, and 320 thousand (11.7 per cent) of them have employees (see Figure 3).

There are an estimated 520 thousand partnerships and 190 thousand of them (37.3 per cent) have employees.

There are 1,080 thousand companies and 670 thousand of them (61.4 per cent) have employees.

Figure 3

Number of businesses with employees, by legal status, UK private sector, start of 2005



## Changes in the number of enterprises over time

The estimated number of enterprises at the start of 2005 is 59,000 (1.4 per cent) more than at the start of 2004, although both numbers round to 4.3 million. These levels are the highest since the time series began in 1994.

Figure 4 below shows that the number of companies has gone up by 61,000 (5.9 per cent) during 2004 to 1.1 million, with increases for both companies with and without employees. This is the eighth successive year that companies have increased in number.

The number of sole proprietorships has changed little, with an increase of 22,000, or 0.8 per cent, taking it up to 2.7 million, the third successive annual increase. Meanwhile, the number of partnerships has gone down by 24,000, or 4.4 per cent, to 520,000.

Registered businesses (VAT and / or PAYE) and unregistered businesses have both increased, and at a similar rate.

Figure 4:

Changes in the number of enterprises between start-2004 and start-2005

	Sole proprietorships	Partnerships	Companies	Total
Registered enterprises	-18,000	-17,000	+61,000	+26,000
Of which with employees	-8,000	-9,000	+33,000	+16,000
without employees	-10,000	-8,000	+28,000	+10,000
Unregistered enterprises	+40,000	-7,000	n / a	+33,000
All private sector enterprises	+22,000	-24,000	+61,000	+59,000

## Notes on this release

All figures in this document can also be found in the accompanying Excel tables published at [www.sbs.gov.uk/smes](http://www.sbs.gov.uk/smes). All figures and percentages in this document are rounded, usually to two significant figures and one decimal place respectively. Therefore totals might not exactly match the sum of their parts.

1 billion = 1,000 million.

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.

## 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 HM Revenue & Customs *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/smes](http://www.sbs.gov.uk/smes), which we recommend you read before interpreting these statistics. The methodology used to produce this series is currently under review. Any changes as a result of this review may take effect in next year's publication.

## A National Statistics publication

National Statistics are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

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