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## STATISTICAL PRESS RELEASE

The Department for Business, Enterprise and Regulatory Reform, today published Small and Medium-sized Enterprise (SME) Statistics for the UK 2006.

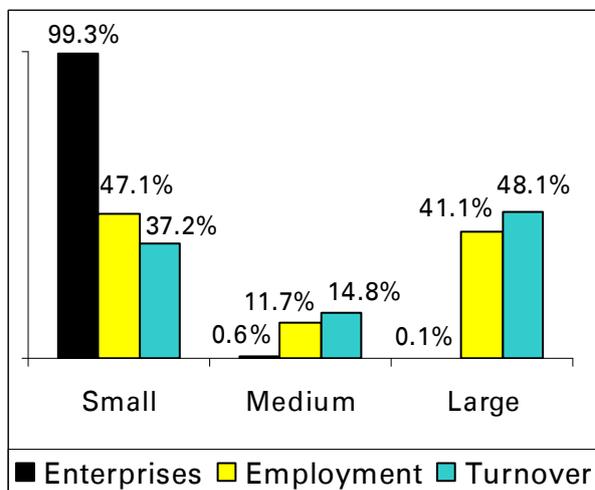
**There were an estimated 4.5 million business enterprises in the UK at the start of 2006**, an increase of 125,000 (2.9 per cent) on the start of 2005.

This estimate, and figures in this release, comprises the private sector (including public corporations and nationalised bodies) and excludes Government and non-profit organisations<sup>1</sup>.

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 2006



At the start of 2006, UK private sector enterprises employed an estimated 22.4 million people, and had an estimated combined annual turnover of £2,600 billion<sup>2</sup>.

Small and medium-sized enterprises (SMEs) together accounted for more than half of the employment (58.9 per cent) and turnover (51.9 per cent) in the UK.

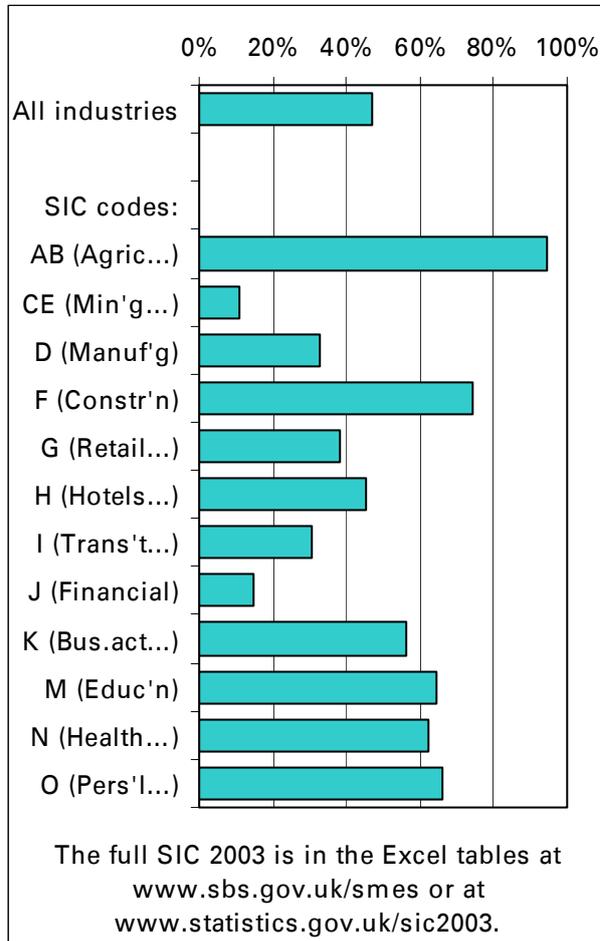
Small enterprises alone (0 to 49 employees) accounted for 47.1 per cent of employment and 37.2 per cent of turnover (see Figure 1).

<sup>1</sup> The definition of private sector used in this publication excludes the non-profit sector. This is different to the ONS definition, which includes the non-profit sector.

<sup>2</sup> Turnover data throughout this release excludes Section J (financial intermediation), where turnover is not available on a comparable basis.

**Figure 2**

Small business<sup>1</sup> share of **employment** within each industry sector, for the UK private sector, start of 2006



1: Small businesses defined as those with 0 to 49 employees.

## Industry Patterns

At the start of 2006, 47.1 per cent of business employment was in small enterprises.

But this varied between industries (see Figure 2, which uses the Standard Industrial Classification (SIC) 2003).

In Agriculture, Fishing and Forestry (SIC section AB), 94.4 per cent of employment was in small enterprises.

But in Mining and Quarrying; Electricity, Gas and Water Supply (SIC section CE) only 11.1 per cent of employment was in small enterprises.

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

Overall, 37.2 per cent of turnover was in small enterprises. Again, there are variations by industry, ranging from 8.2 per cent in Mining, Quarrying and Utilities (SIC sections C and E) to 88.9 per cent in Agriculture, Fishing and Forestry (SIC section AB).

## The number of enterprises with and without employees

At the start of 2006, the number of enterprises with no employees was 3.3 million, equivalent to 73.0 per cent of all enterprises. However this proportion varies among different industries, from 87.7 per cent for Education (SIC section M), to 15.8 per cent for Hotels and Restaurants (SIC section H).

Enterprises with no employees are either sole proprietorships and partnerships comprising only the self-employed owner-manager(s), or companies comprising only an employee director. They had an estimated combined turnover of £208 billion.

At the start of 2006, the number of enterprises with employees was 1.2 million, an increase of 25,000 (2.1 per cent) on the start of 2005. They had an estimated combined turnover of £2,406 billion at the start of 2006.

## Legal status

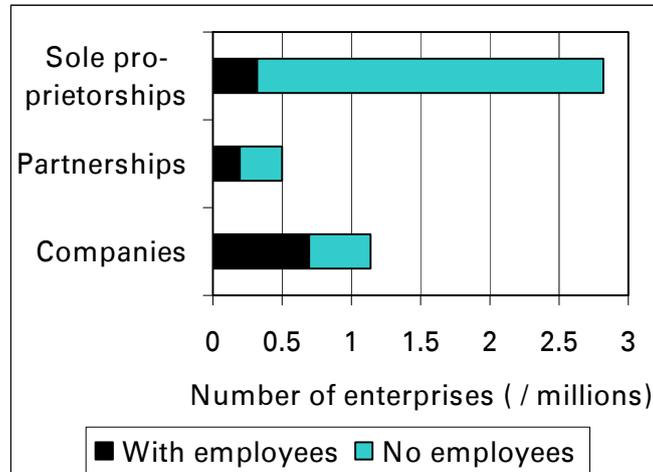
There were an estimated 2.8 million sole proprietors in the UK at the start of 2006, and 322 thousand (11.4 per cent) of them had employees (see **Figure 3**).

There were an estimated 505 thousand partnerships and 188 thousand of them (37.3 per cent) had employees.

There were 1,145 thousand companies and 693 thousand of them (60.6 per cent) had employees.

**Figure 3**

Number of businesses with employees, by legal status, UK private sector, start of 2006



## Changes in the number of enterprises over time

The estimated number of enterprises at the start of 2006 is 125,000 (2.9 per cent) more than at the start of 2005. 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 60,000 (5.6 per cent) during 2005 to 1.1 million, with increases for both companies with and without employees. This is the ninth successive year that companies have increased in number.

The number of sole proprietorships has increased by 75,000, or 2.7 per cent, taking it up to 2.8 million, the fourth successive annual increase. Meanwhile, the number of partnerships has gone down by 11,000, or 2.1 per cent, to 505,000.

Registered businesses (VAT and / or PAYE) and unregistered businesses have both increased, and at a similar rate. Registered businesses have increased by 2.6 per cent and unregistered businesses have increased by 3.1 per cent since the start of 2005.

**Figure 4:**

Changes in the number of enterprises between start-2005 and start-2006

	Sole proprietorships	Partnerships	Companies	Total change
Registered enterprises	-2,000	-5,000	60,000	54,000
- with employees	1,000	-4,000	28,000	25,000
- without employees	-2,000	-1,000	33,000	30,000
Unregistered enterprises	77,000	-6,000	n / a	71,000
All private sector enterprises	75,000	-11,000	60,000	125,000

## **Changes in employment and turnover over time**

UK private sector enterprises employed an estimated 22.4 million people at the start of 2006, an increase of 270 thousand (1.2 per cent) since the start of 2005.

Estimated employment in SMEs has risen from 13.0 million at the start of 2005 to 13.2 million people at the start of 2006, or from 58.7 to 58.9 per cent of all private sector employment.

At the start of 2006, UK enterprises had an estimated combined annual turnover of £2,600 billion, an increase of £166 billion (6.8 per cent) since the start of 2005.

Turnover in SMEs is estimated at £1,358 billion, £108 billion (8.6 per cent) higher than 2005. As a proportion of all private sector turnover, this has increased slightly from 51.1 per cent to 51.9 per cent.

## **Notes on this release**

All figures in this document can also be found in the accompanying Excel tables published at <http://stats.berr.gov.uk/ed/sme> . 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.

Within the scope of the SME Statistics companies with a single employee director are counted as zero employee businesses.

## **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 by BERR 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.

