

**Statistics
South Africa**

Dipalopalo tsa Aforika Borwa • Statistieke Suid-Afrika • Tistatistiki ta Afrika-Dzonga • Ukuqokelelwa kwamanani eNingizimu Afrika

Discussion document Economic activity survey Selected ratios 2001 and 2002

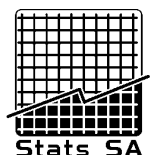
This publication presents the first results of a new survey measuring economic activity in all industries in the formal non-agricultural business sector (excluding financial intermediation, insurance and government institutions) of the South African economy.

The publication focuses on key operating ratios by broad industry and size of business. The publication for 2003 will include the levels of the items collected. Publications for subsequent years will also include year-to-year changes in those items.

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Key findings for the year ended June 2002

The overall acid test ratio (current assets minus inventories to current liabilities) for all industries within the scope of the survey decreased from 0,50 to 0,45 for the years ended June 2001 and June 2002. For large enterprises the ratio decreased from 0,48 to 0,43, but for medium sized enterprises it increased from 0,52 to 0,71. For small enterprises, the ratio increased from 0,79 to 0,92.

The overall current ratio (current assets to current liabilities) for all industries within the scope of the survey decreased slightly from 0,68 to 0,63 for the years ended June 2001 and June 2002. For large enterprises the ratio also decreased from 0,67 to 0,62, but for medium sized enterprises it increased from 0,74 to 0,81 and for small enterprises, the ratio increased from 0,81 to 0,95.

The overall profitability ratio (net profit after tax to turnover) for all industries within the scope of the survey increased from 0,07 to 0,09 for the years ended June 2001 and June 2002. For large enterprises, the ratio increased from 0,07 to 0,09, but for medium sized enterprises it decreased from 0,03 to 0,02. For small enterprises, the ratio increased from 0,11 to 0,22.

Size	Acid test ratio		Current ratio		Profitability ratio	
	2001	2002	2001	2002	2001	2002
Small enterprises	0,79	0,92	0,81	0,95	0,11	0,22
Medium enterprises	0,52	0,71	0,74	0,81	0,03	0,02
Large enterprises	0,48	0,43	0,67	0,62	0,07	0,09
Total	0,50	0,45	0,68	0,63	0,07	0,09

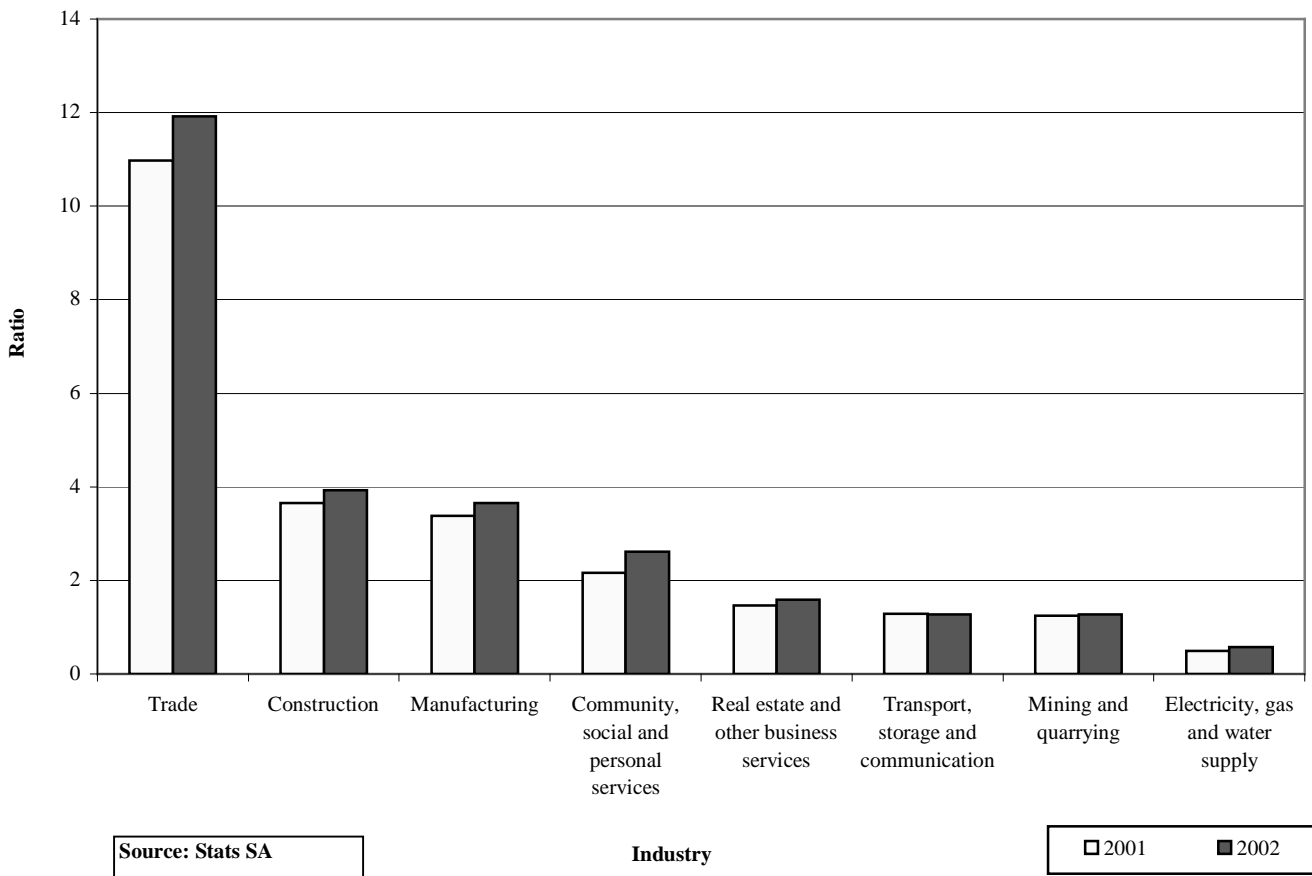
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P J Lehohla
Statistician-General

Ratio of turnover to fixed assets

The overall ratio of total turnover to fixed assets for all industries within the scope of the survey increased from 2,53 to 2,62 for the years ended June 2001 and June 2002. For large enterprises, the ratio increased from 2,52 to 2,62, for medium sized enterprises it increased from 4,54 to 5,71 and for small enterprises, the ratio increased from 1,51 to 1,77 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the trade industry (10,97), followed by the construction (3,65) and manufacturing (3,38) industries. In the year ended June 2002, the trade industry again reflected the highest ratio (11,92), followed by the construction (3,93) and manufacturing (3,66) industries (see figure 1).

Figure 1 - Ratio of total turnover to fixed assets by industry

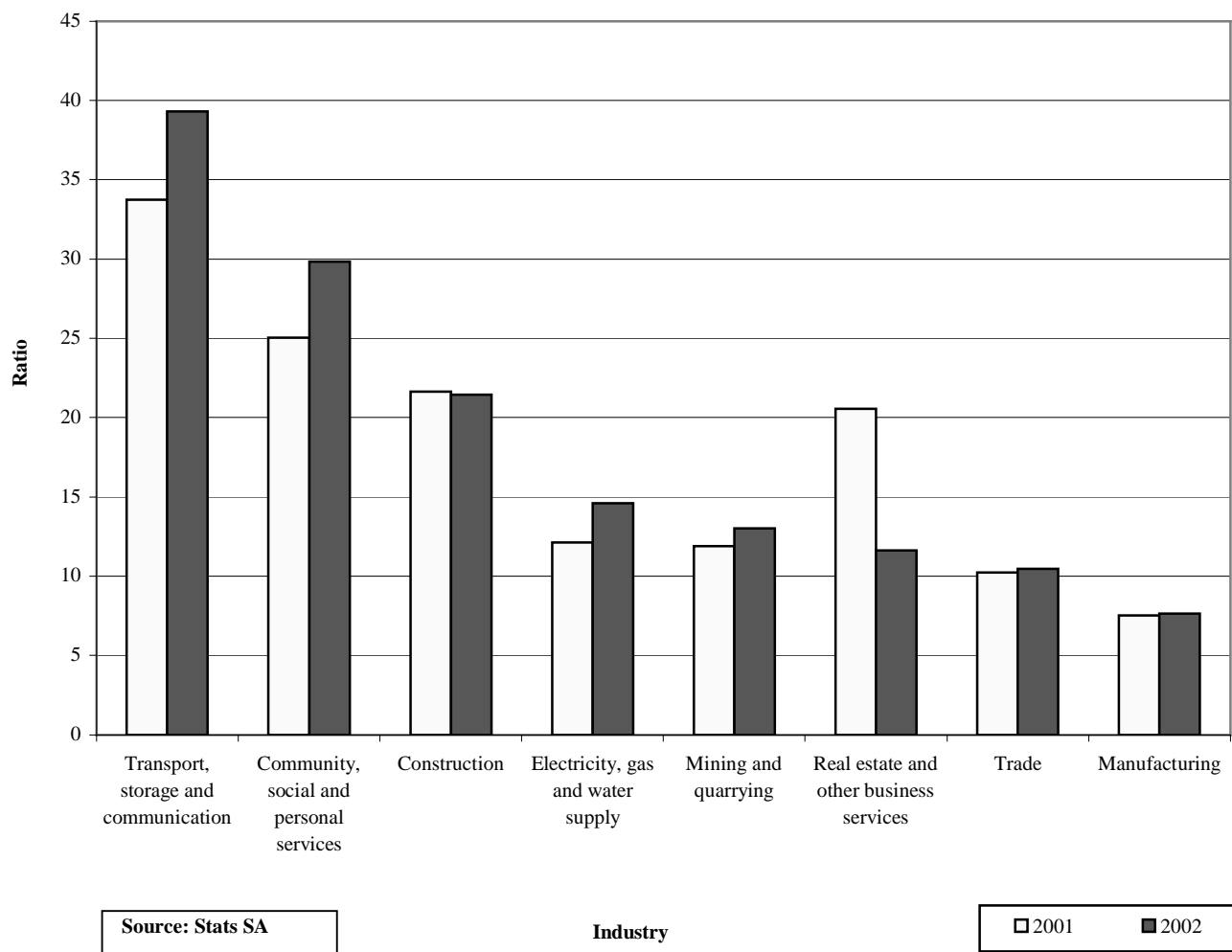


Ratio of turnover to inventories

The overall ratio of total turnover to inventories for all industries within the scope of the survey increased slightly from 10,34 in the year ended June 2001 to 10,56 in the year ended June 2002. For large enterprises, the ratio increased from 10,31 to 10,53 and for medium enterprises it increased from 10,53 to 12,36. However, for small sized enterprises it decreased from 15,56 to 12,02 (see table 1, p. 15).

The highest ratio of total turnover to inventories in the year ended June 2001 was recorded by the transport, storage and communication industry (33,75), followed by the community, social and personal services (excluding government institutions) (25,04) and construction (21,65) industries. In the year ended June 2002, the transport, storage and communication industry again reflected the highest ratio (39,32), followed by the community, social and personal services (excluding government institutions) (29,84) and construction (21,44) industries (see figure 2).

Figure 2 - Ratio of total turnover to inventories by industry

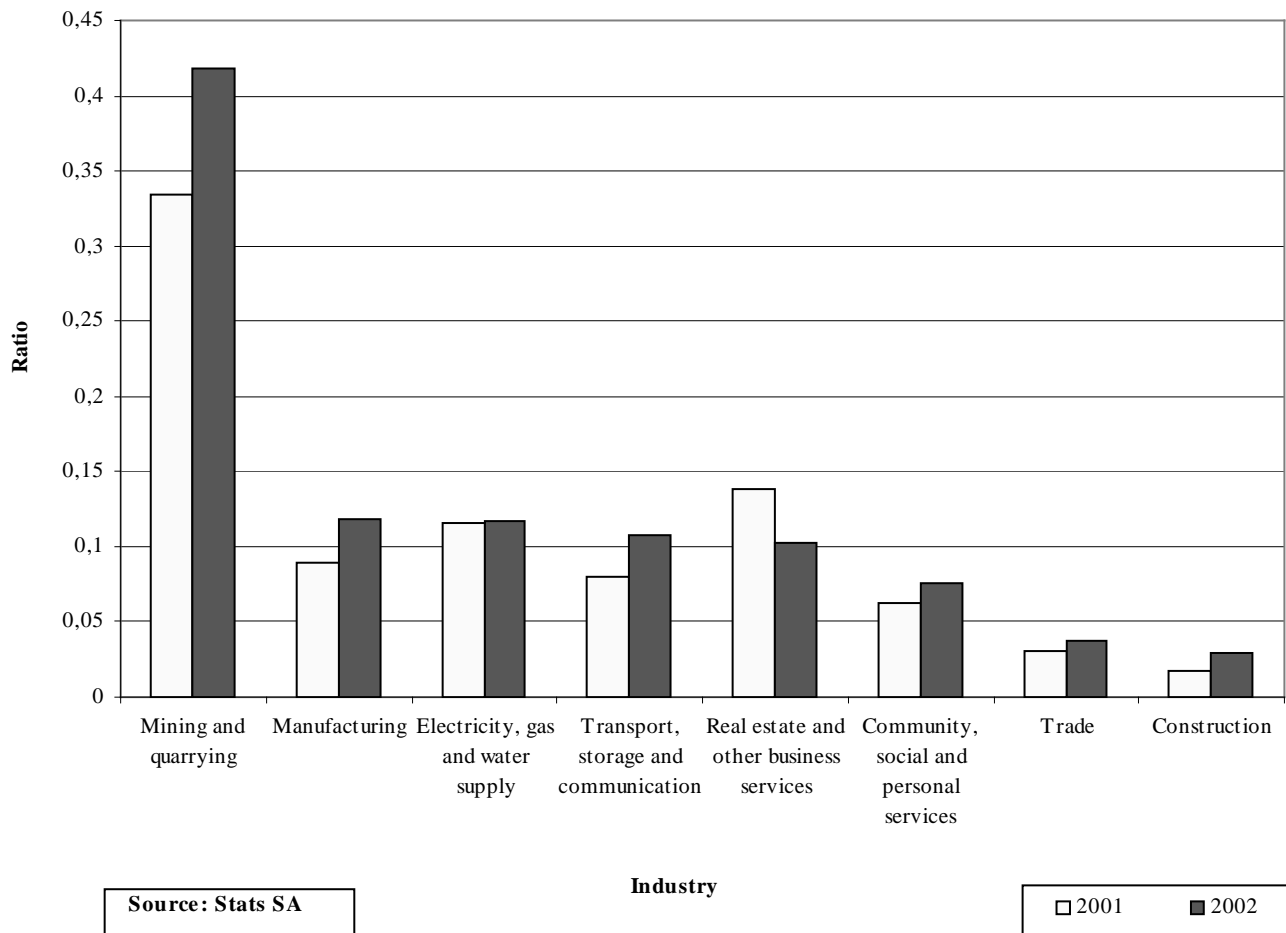


Ratio of profit before tax to turnover

The overall ratio of total profit before tax to turnover for all industries within the scope of the survey increased from 0,09 to 0,12 for the years ended June 2001 and June 2002. For large enterprises, the ratio increased from 0,09 to 0,12, but for medium sized enterprises it decreased from 0,05 to 0,04. For small enterprises, the ratio increased from 0,16 to 0,22 (see table 1, p. 15).

The highest ratio of total profit before tax to turnover in the year ended June 2001 was recorded by the mining and quarrying industry (0,33), followed by the real estate and other business services (excluding financial intermediation and insurance) (0,14) and electricity, gas and water supply (0,12) industries. In the year ended June 2002, the mining and quarrying industry again reflected the highest ratio (0,42), followed by the manufacturing (0,12) and electricity, gas and water supply (0,12) industries (see figure 3).

Figure 3 - Ratio of total profit before tax to turnover by industry

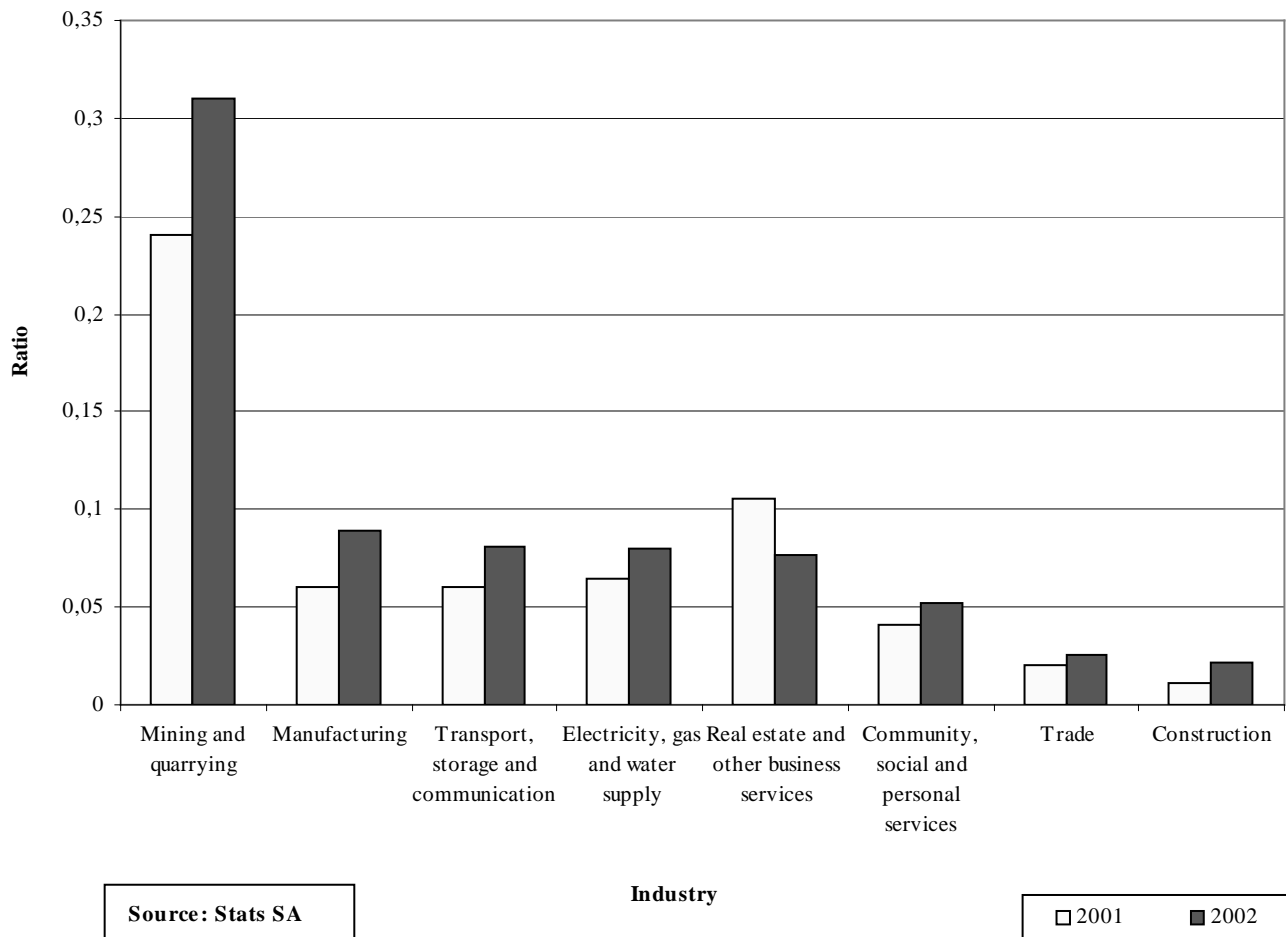


Profitability ratio (net profit after tax to turnover)

The overall profitability ratio (net profit after tax to turnover) for all industries within the scope of the survey increased from 0,07 to 0,09 for the years ended June 2001 and June 2002. For large enterprises, the ratio increased from 0,07 to 0,09, but for medium sized enterprises it decreased from 0,03 to 0,02. For small enterprises, the ratio increased from 0,11 to 0,22 (see table 1, p. 15).

The highest profitability ratio in the year ended June 2001 was recorded by the mining and quarrying industry (0,24), followed by the real estate and other business services (excluding financial intermediation and insurance) (0,11), electricity, gas and water supply and manufacturing (both 0,06) industries. In the year ended June 2002, the mining and quarrying industry again reflected the highest ratio (0,31), followed by the manufacturing (0,09) and transport, storage and communication (0,08) industries (see figure 4).

Figure 4 - Profitability ratio by industry

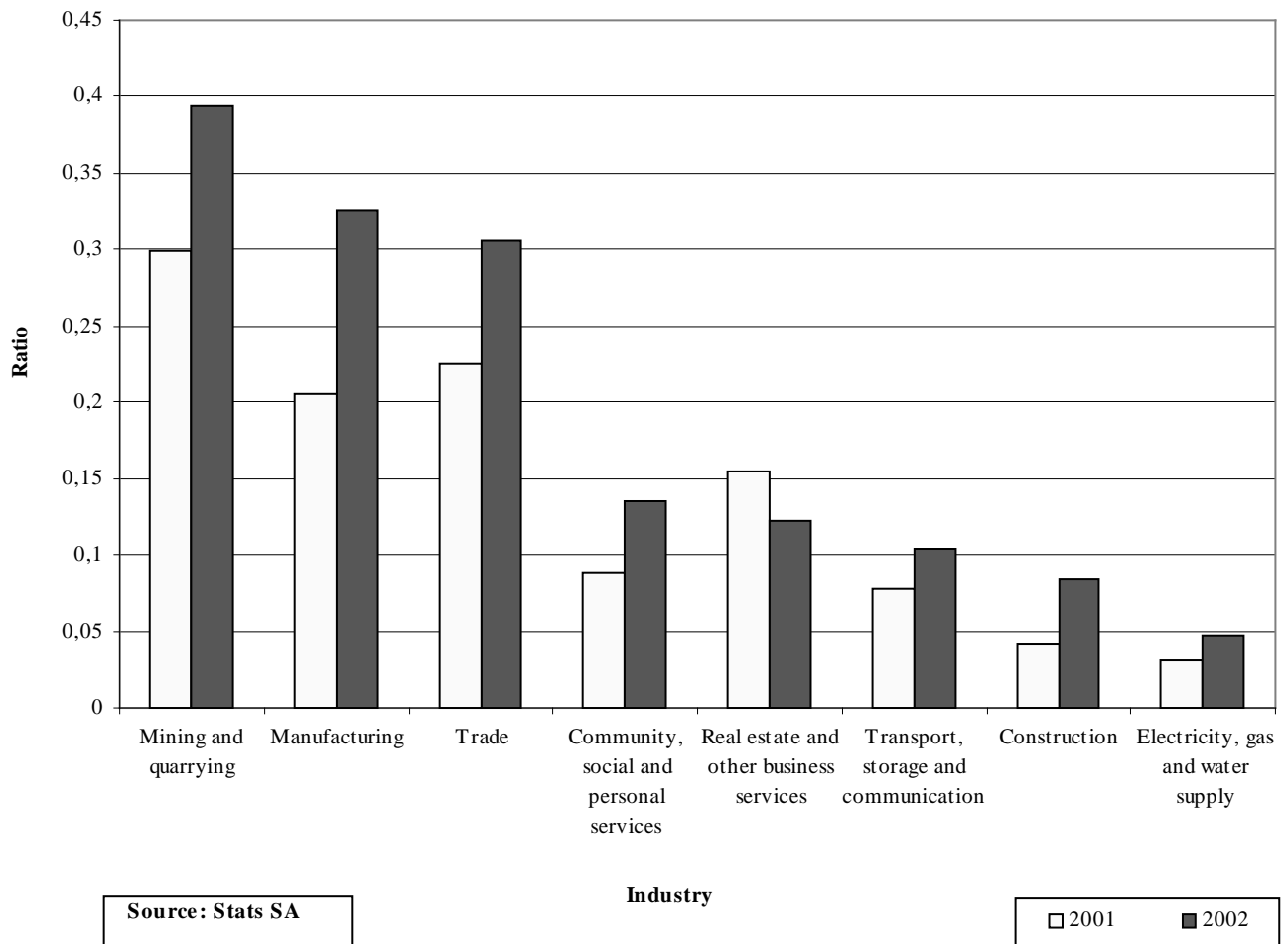


Ratio of net profit after tax to fixed assets

The overall ratio of total net profit after tax to fixed assets for all industries within the scope of the survey increased from 0,17 to 0,23 for the years ended June 2001 and June 2002. For large enterprises, the ratio increased from 0,17 to 0,22, but for medium sized enterprises it decreased from 0,15 to 0,11. For small enterprises, the ratio increased from 0,17 to 0,38 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the mining and quarrying industry (0,30), followed by the trade (0,22) and manufacturing (0,21) industries. In the year ended June 2002, the mining and quarrying industry again reflected the highest ratio (0,39), followed by the manufacturing (0,33) and trade (0,31) industries (see figure 5).

Figure 5 - Ratio of total net profit after tax to fixed assets by industry

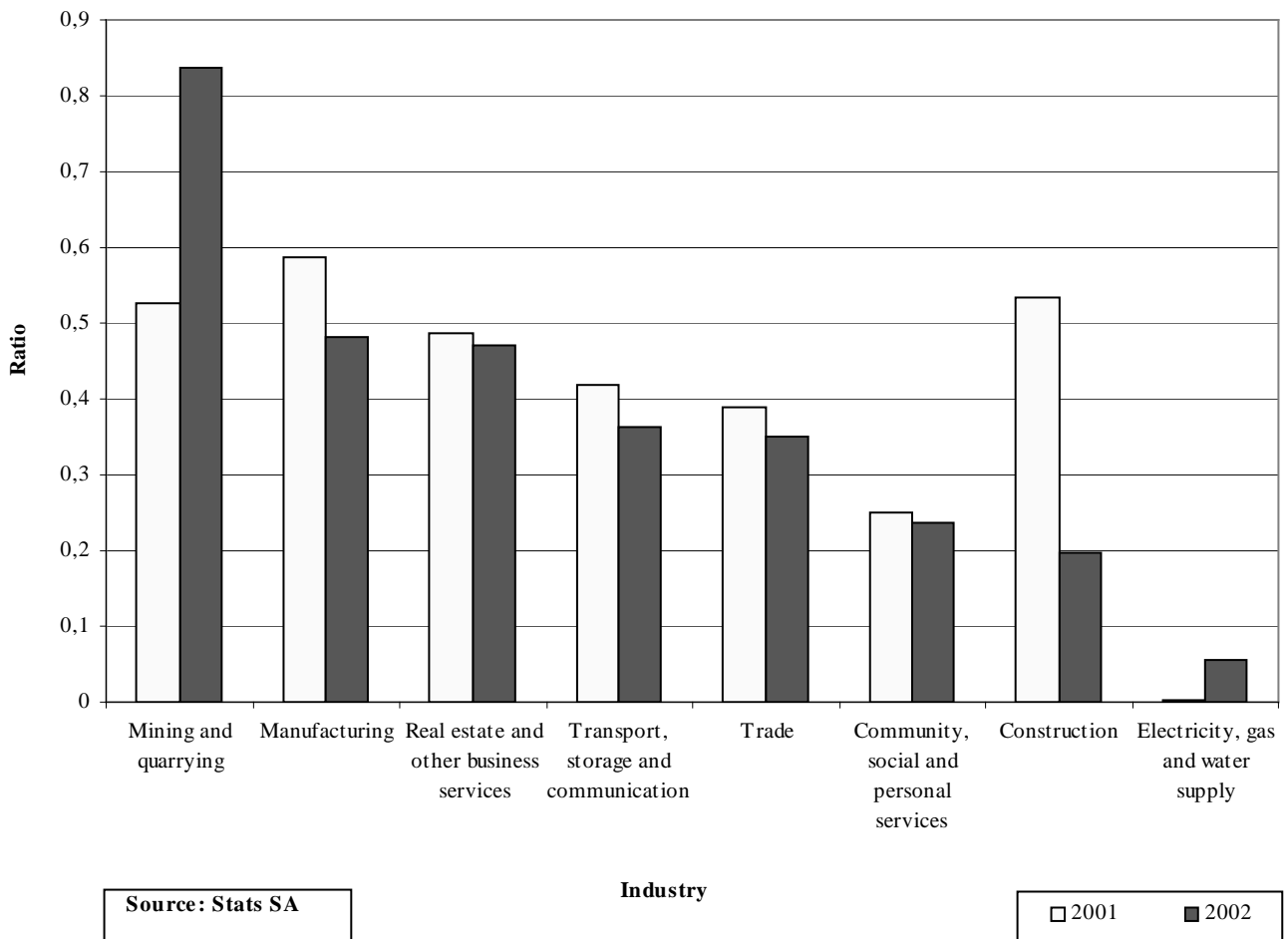


Ratio of dividends paid to net profit after tax

The overall ratio of total dividends paid to net profit after tax for all industries within the scope of the survey increased slightly from 0,50 to 0,56 for the years ended June 2001 and June 2002. For large enterprises, the ratio increased from 0,50 to 0,56, for medium sized enterprises it increased from 0,35 to 0,57 and for small enterprises, the ratio increased from 0,69 to 0,76 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the manufacturing industry (0,59), followed by the construction and mining and quarrying industries (both 0,53). In the year ended June 2002, the mining and quarrying industry reflected the highest ratio (0,84), followed by the manufacturing (0,48) and real estate and other business services (excluding financial intermediation and insurance) (0,47) industries (see figure 6).

Figure 6 - Ratio of total dividends paid to net profit after tax by industry

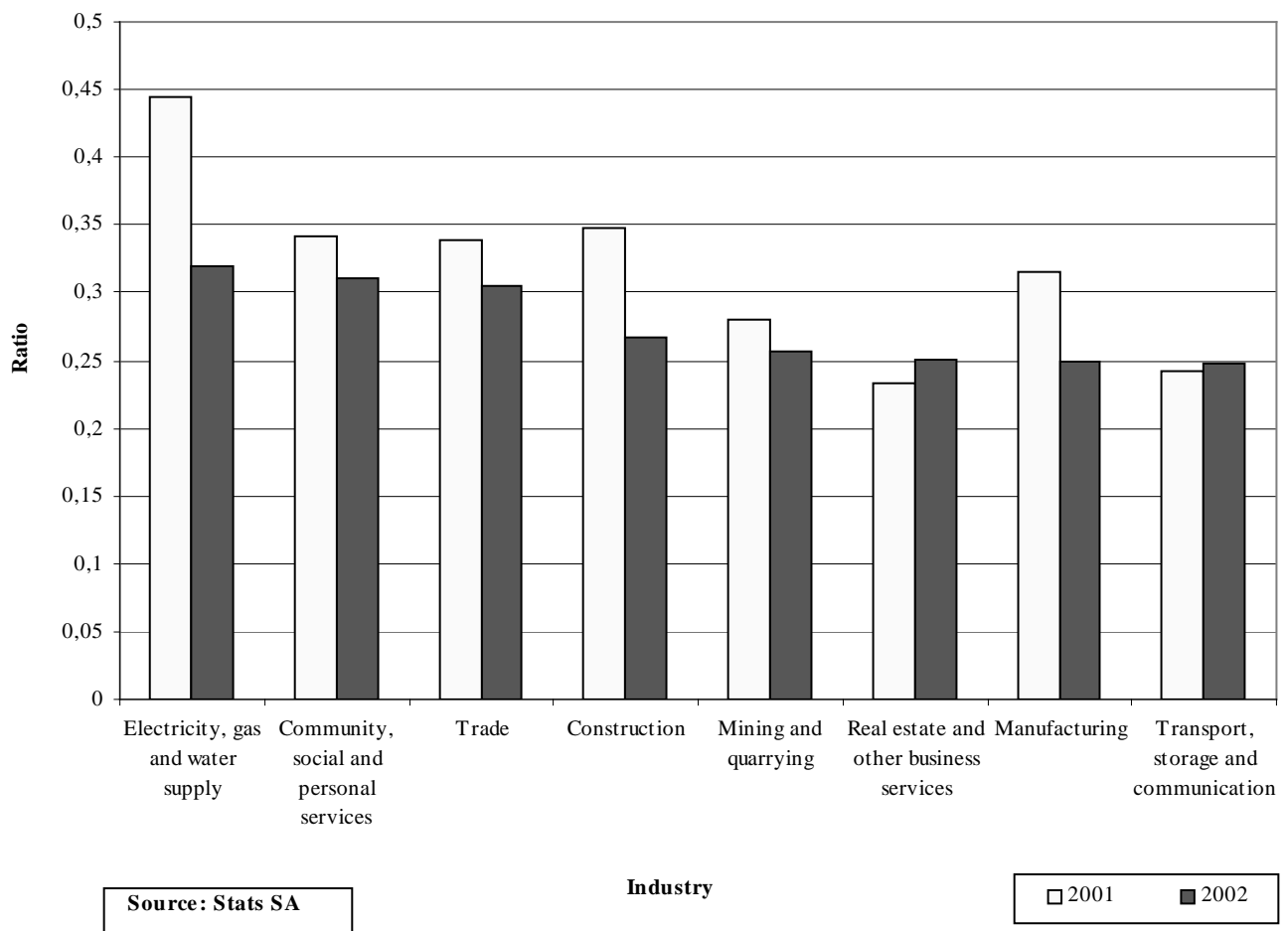


Ratio of tax paid to net profit

The overall ratio of total tax paid (tax and company tax brought into account) to net profit for all industries within the scope of the survey decreased from 0,30 to 0,26 for the years ended June 2001 and June 2002. For large enterprises, the ratio decreased from 0,30 to 0,26 and for medium sized enterprises it increased from 0,38 to 0,43. For small enterprises, the ratio decreased from 0,30 to -0,01 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the electricity, gas and water supply industry (0,44), followed by the construction (0,35), community, social and personal services (excluding government institutions) and trade (both 0,34) industries. In the year ended June 2002, electricity, gas and water supply industry reflected the highest ratio (0,32), followed by the community, social and personal services (excluding government institutions) (0,31) and trade (0,30) industries (see figure 7).

Figure 7 - Ratio of total tax paid to net profit by industry

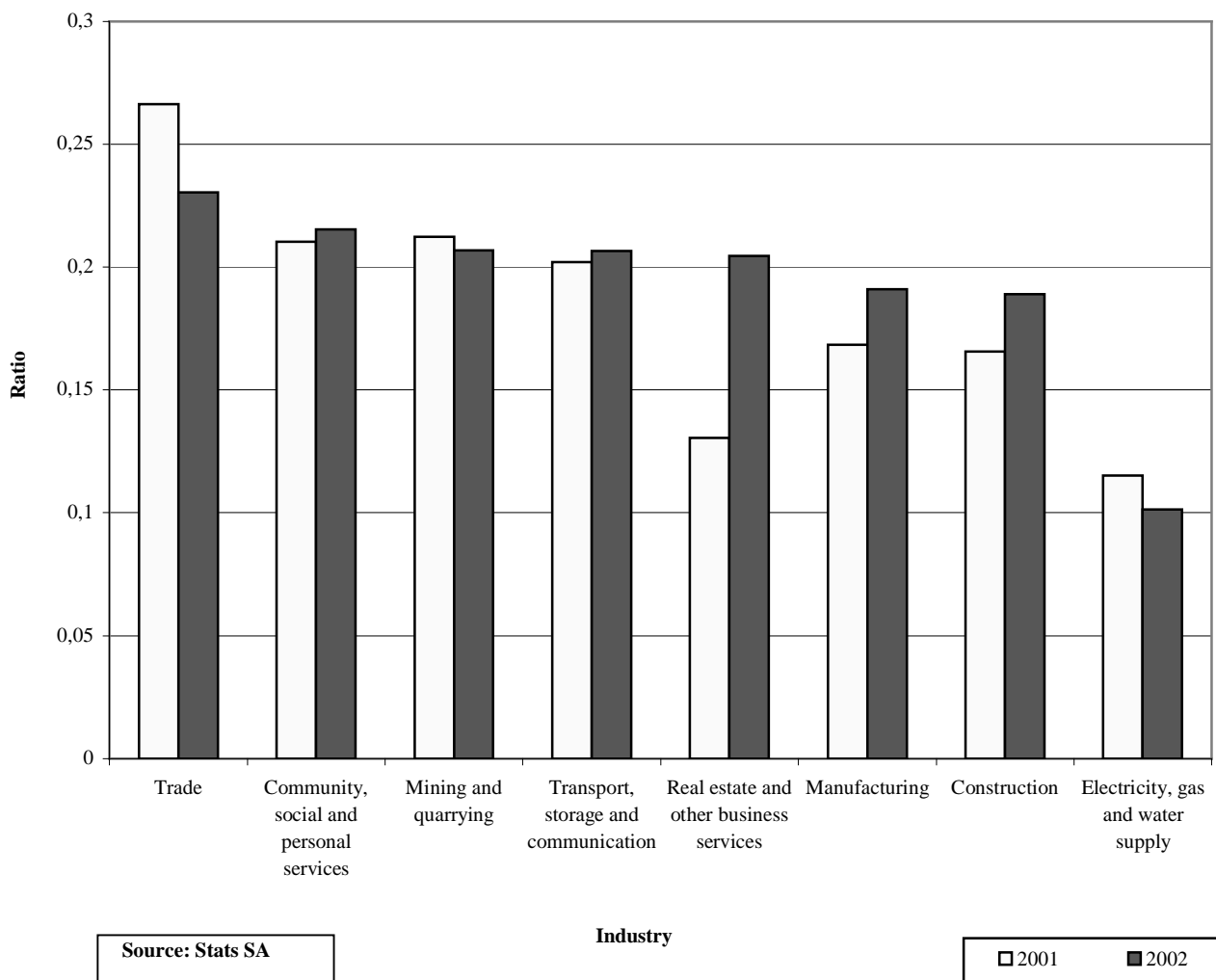


Ratio of total capital expenditure to fixed assets

The overall ratio of total capital expenditure (capital expenditure on land, new and used assets) to fixed assets for all industries within the scope of the survey increased slightly from 0,18 to 0,19 for the years ended June 2001 and June 2002. For large enterprises the ratio increased slightly from 0,18 to 0,19, for medium sized enterprises it increased from 0,20 to 0,27 and for small enterprises, the ratio increased from 0,11 to 0,13 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the trade industry (0,27) followed by the mining and quarrying and community, social and personal services (excluding government institutions) (both 0,21) industries. In the year ended June 2002, the trade industry reflected the highest ratio (0,23) followed by the community, social and personal services (excluding government institutions) (0,22) and mining and quarrying (0,21) industries (see figure 8).

Figure 8 - Ratio of total capital expenditure to fixed assets by industry

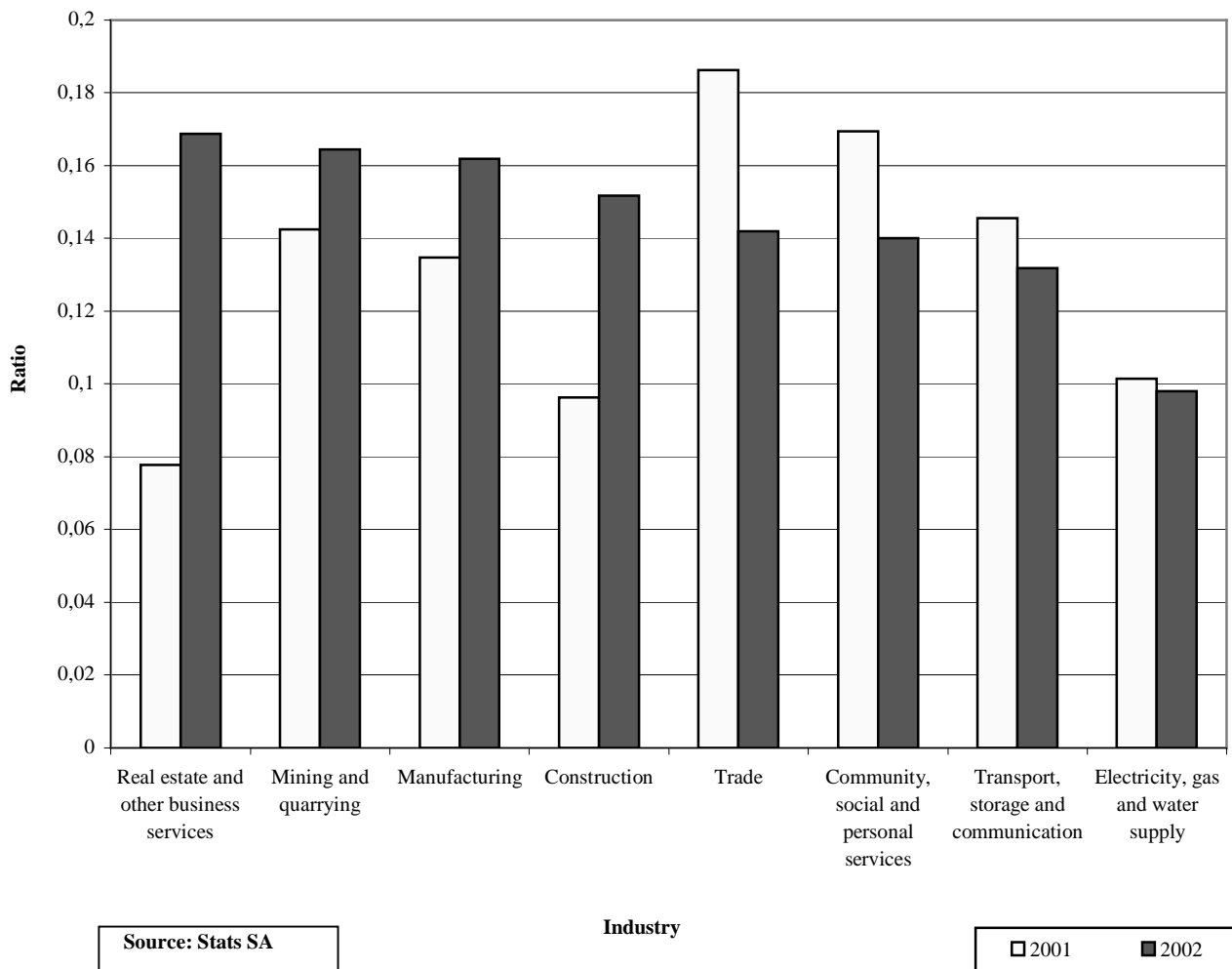


Ratio of capital expenditure on new assets to fixed assets

The overall ratio of total capital expenditure on new assets to fixed assets for all industries within the scope of the survey increased from 0,13 to 0,15 for the years ended June 2001 and June 2002. For large enterprises the ratio increased from 0,13 to 0,15 and for medium sized enterprises it increased from 0,16 to 0,21. For small enterprises the ratio remained the same at 0,08 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the trade (0,19) followed by the community, social and personal services (excluding government institutions) (0,17) and transport, storage and communication (0,15) industries. In the year ended June 2002, the real estate and other business services (excluding financial intermediation and insurance) reflected the highest ratio (0,17) followed by the mining and quarrying and manufacturing industries (both 0,16) (see figure 9).

Figure 9 - Ratio of total capital expenditure on new assets to fixed assets by industry

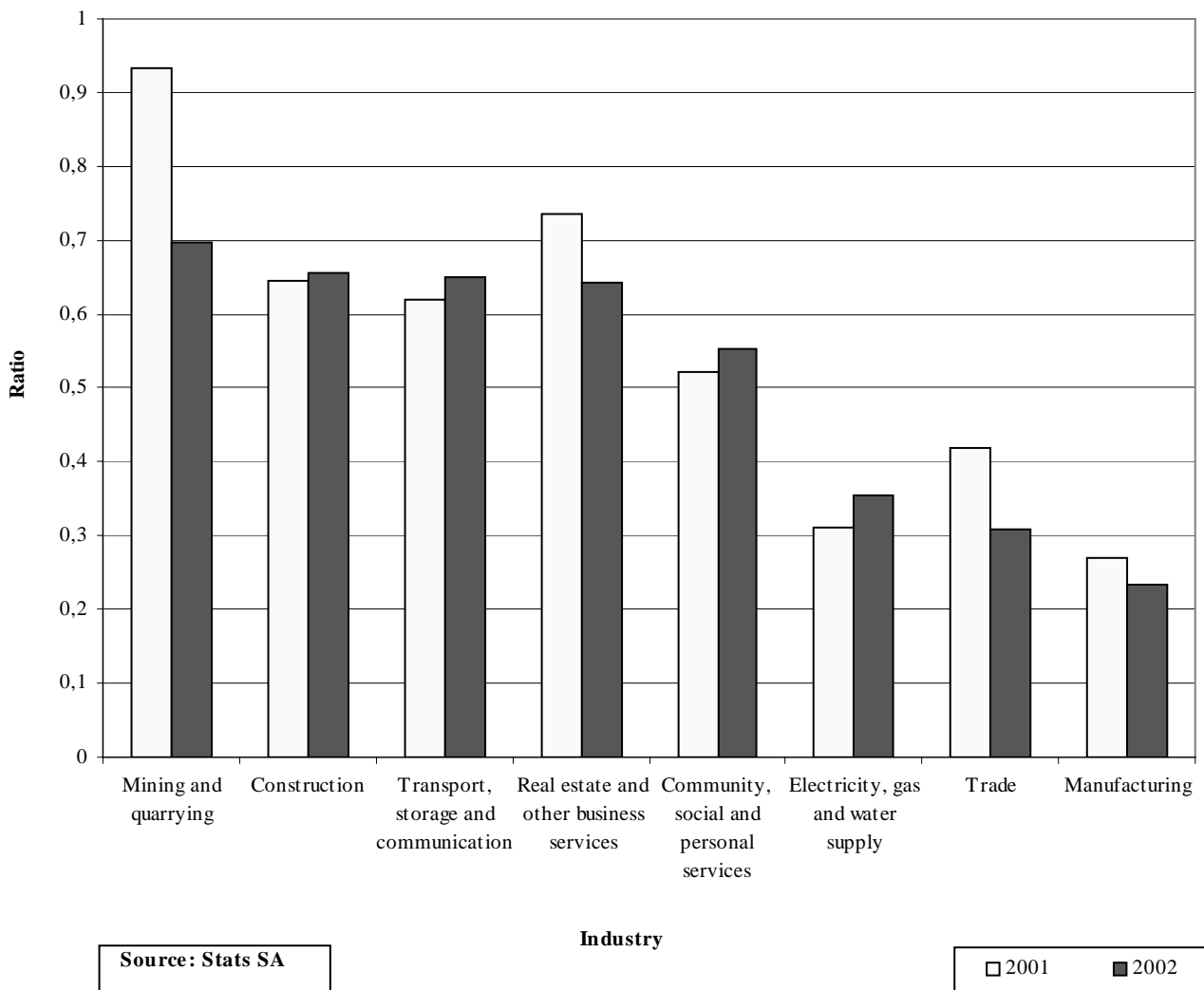


Acid test ratio (current assets minus inventories to current liabilities)

The overall acid test ratio (current assets minus inventories to current liabilities) for all industries within the scope of the survey decreased from 0,50 to 0,45 for the years ended June 2001 and June 2002. For large enterprises the ratio decreased from 0,48 to 0,43, but for medium sized enterprises it increased from 0,52 to 0,71. For small enterprises, the ratio increased from 0,79 to 0,92 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the mining and quarrying industry (0,93), followed by the real estate and other business services (excluding financial intermediation and insurance) (0,74) and construction (0,64) industries. In the year ended June 2002, the mining and quarrying industry reflected the highest ratio (0,70) followed by the construction (0,66) and transport, storage and communication (0,65) industries (see figure 10).

Figure 10 - Acid test ratio by industry

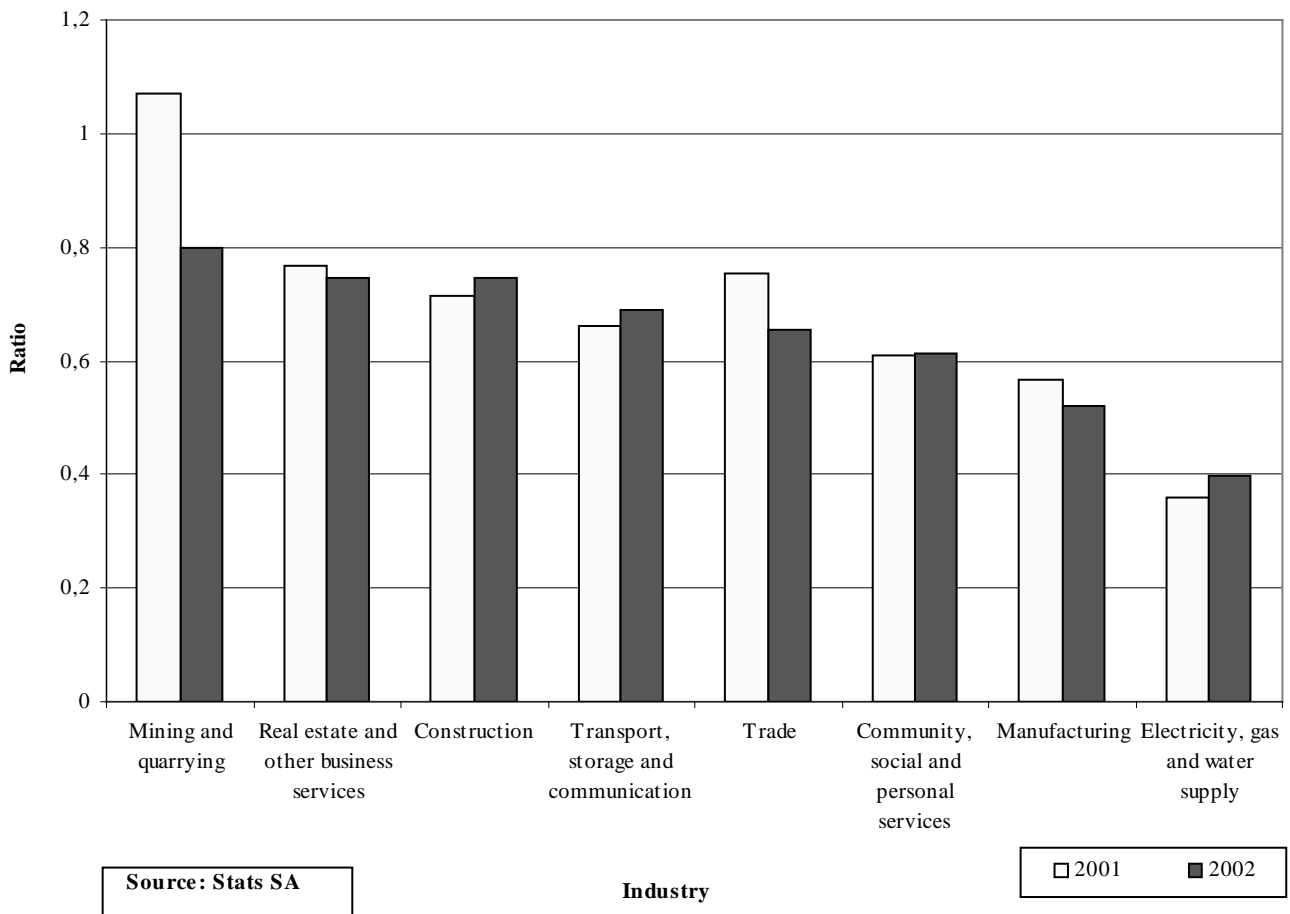


Current ratio (current assets to current liabilities)

The overall current ratio (current assets to current liabilities) for all industries within the scope of the survey decreased slightly from 0,68 to 0,63 for the years ended June 2001 and June 2002. For large enterprises the ratio also decreased from 0,67 to 0,62, but for medium sized enterprises it increased from 0,74 to 0,81 and for small enterprises, the ratio increased from 0,81 to 0,95 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the mining and quarrying industry (1,07), followed by the real estate and other business services (excluding financial intermediation and insurance) (0,77) and trade (0,75) industries. In the year ended June 2002, the mining and quarrying industry again reflected the highest ratio (0,80) followed by the real estate and other business services (excluding financial intermediation and insurance) and construction industries (both 0,75) (see figure 11).

Figure 11 - Current ratio by industry

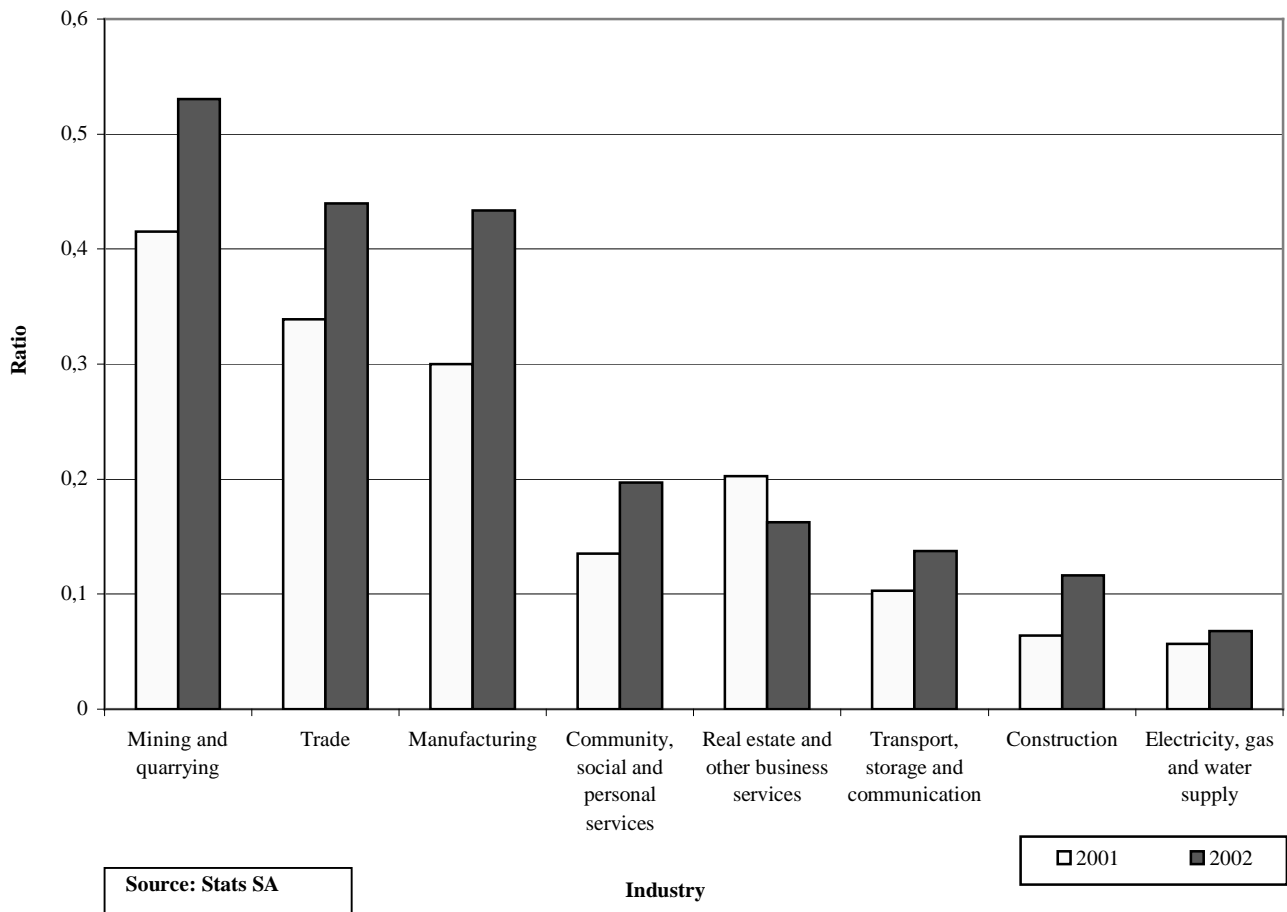


Ratio of net profit before tax to fixed assets

The overall ratio of total net profit before tax to fixed assets for all industries within the scope of the survey increased from 0,24 to 0,31 for the years ended June 2001 and June 2002. For large enterprises the ratio also increased from 0,24 to 0,30, but for medium sized enterprises it decreased from 0,24 to 0,20. For small enterprises the ratio increased from 0,24 to 0,38 (see table 1, p. 15).

In the year ended June 2001, the highest ratio was recorded for the mining and quarrying industry (0,42), followed by the trade (0,34) and manufacturing (0,30) industries. In the year ended June 2002, the mining and quarrying industry again reflected the highest ratio (0,53), followed by the trade (0,44) and manufacturing (0,43) industries (see figure 12).

Figure 12 - Ratio of total net profit before tax to fixed assets by industry



Notes

Forthcoming issues	Issue Economic Activity Survey 2003	Expected publication date 15 December 2004
Purpose of the survey	The Economic Activity Survey (EAS) covers a sample of private and public enterprises operating in the formal non-agricultural business sector of the South African economy, excluding financial intermediation, insurance and government institutions. Results of the survey are used to compile estimates of the Gross Domestic Product (GDP) and its components, which are used to monitor and develop government policy. These statistics are also used by the private sector in analyses of comparative business and industry performance. Selected operating ratios are published in this discussion document.	
Response rates	The percentage response for 2001 was 82,8%. The percentage response for 2002 was 88,2%.	

Table 1 - Selected operating ratios: All industries (excluding agriculture, financial intermediation, insurance and government institutions)

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	2,53	2,62	2,52	2,62	4,54	5,71	1,51	1,77
Turnover / Inventories	10,34	10,56	10,31	10,53	10,53	12,36	15,56	12,02
Profit / Turnover	0,09	0,12	0,09	0,12	0,05	0,04	0,16	0,22
Profitability ratio	0,07	0,09	0,07	0,09	0,03	0,02	0,11	0,22
Net profit after tax / Fixed assets	0,17	0,23	0,17	0,22	0,15	0,11	0,17	0,38
Dividends paid / Net profit after tax	0,50	0,56	0,50	0,56	0,35	0,57	0,69	0,76
Tax / Net profit	0,30	0,26	0,30	0,26	0,38	0,43	0,30	-0,01
Capital expenditure / Fixed assets	0,18	0,19	0,18	0,19	0,20	0,27	0,11	0,13
Capital expenditure on new assets / Fixed assets	0,13	0,15	0,13	0,15	0,16	0,21	0,08	0,08
Acid test ratio	0,50	0,45	0,48	0,43	0,52	0,71	0,79	0,92
Current ratio	0,68	0,63	0,67	0,62	0,74	0,81	0,81	0,95
Net profit before tax / Fixed assets	0,24	0,31	0,24	0,30	0,24	0,20	0,24	0,38

Table 2 - Selected operating ratios: Mining and quarrying industry

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	1,24	1,27	1,25	1,27	1,64	2,21	0,42	1,23
Turnover / Inventories	11,89	13,02	11,91	13,02	9,31	16,29	19,91	12,42
Profit / Turnover	0,33	0,42	0,34	0,42	0,05	-0,31	-0,22	-0,04
Profitability ratio	0,24	0,31	0,24	0,31	0,03	-0,32	-0,23	-0,04
Net profit after tax / Fixed assets	0,30	0,39	0,30	0,40	0,05	-0,72	-0,09	-0,05
Dividends paid / Net profit after tax	0,53	0,84	0,53	0,84	0,15	0,00	0,00	0,00
Tax / Net profit	0,28	0,26	0,28	0,26	0,40	-0,05	-0,03	-0,03
Capital expenditure / Fixed assets	0,21	0,21	0,21	0,21	0,20	0,12	0,07	0,17
Capital expenditure on new assets / Fixed assets	0,14	0,16	0,14	0,16	0,13	0,12	0,02	0,16
Acid test ratio	0,93	0,70	0,93	0,70	0,31	0,09	1,99	1,03
Current ratio	1,07	0,80	1,07	0,80	0,44	0,17	2,02	1,07
Net profit before tax / Fixed assets	0,42	0,53	0,42	0,53	0,08	-0,68	-0,09	-0,05

Table 3 - Selected operating ratios: Manufacturing industry

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	3,38	3,66	3,36	3,65	6,30	5,76	2,88	1,79
Turnover / Inventories	7,54	7,64	7,52	7,64	8,42	7,65	10,71	7,96
Profit / Turnover	0,09	0,12	0,09	0,12	0,05	0,03	-0,03	-0,09
Profitability ratio	0,06	0,09	0,06	0,09	0,02	0,02	-0,04	-0,12
Net profit after tax / Fixed assets	0,21	0,33	0,21	0,33	0,15	0,11	-0,12	-0,21
Dividends paid / Net profit after tax	0,59	0,48	0,58	0,48	0,39	0,32	-1,58	-3,12
Tax / Net profit	0,32	0,25	0,31	0,25	0,50	0,46	-0,46	-0,35
Capital expenditure / Fixed assets	0,17	0,19	0,17	0,19	0,18	0,29	0,12	0,12
Capital expenditure on new assets / Fixed assets	0,13	0,16	0,13	0,16	0,15	0,22	0,09	0,09
Acid test ratio	0,27	0,23	0,27	0,23	0,34	0,47	0,75	0,19
Current ratio	0,57	0,52	0,56	0,52	0,68	0,65	0,86	0,27
Net profit before tax / Fixed assets	0,30	0,43	0,30	0,44	0,31	0,19	-0,08	-0,16

Table 4 - Selected operating ratios: Electricity, gas and water supply industry

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	0,49	0,58	0,49	0,58	0,75	11,85	0,94	0,53
Turnover / Inventories	12,12	14,60	12,08	14,62	19,31	25,26	17,94	5,48
Profit / Turnover	0,12	0,12	0,12	0,12	-0,02	-0,01	0,20	-0,04
Profitability ratio	0,06	0,08	0,06	0,08	-0,03	-0,01	0,20	-0,04
Net profit after tax / Fixed assets	0,03	0,05	0,03	0,05	-0,02	-0,10	0,18	-0,02
Dividends paid / Net profit after tax	0,00	0,06	0,00	0,06	-0,47	-0,35	0,00	-0,29
Tax / Net profit	0,44	0,32	0,45	0,32	-0,42	-0,60	0,01	-0,05
Capital expenditure / Fixed assets	0,12	0,10	0,12	0,10	0,07	0,24	0,08	0,04
Capital expenditure on new assets / Fixed assets	0,10	0,10	0,10	0,10	0,07	0,13	0,08	0,02
Acid test ratio	0,31	0,35	0,31	0,35	0,62	0,13	0,73	1,65
Current ratio	0,36	0,40	0,36	0,40	0,85	0,15	0,79	1,89
Net profit before tax / Fixed assets	0,06	0,07	0,06	0,07	-0,02	-0,07	0,18	-0,02

Table 5 - Selected operating ratios: Construction industry

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	3,65	3,93	3,56	3,87	10,60	6,30	2,00	5,08
Turnover / Inventories	21,65	21,44	21,34	21,48	28,68	18,94	23,13	31,00
Profit / Turnover	0,02	0,03	0,02	0,03	0,02	0,01	0,04	0,19
Profitability ratio	0,01	0,02	0,01	0,02	0,01	0,00	0,03	0,18
Net profit after tax / Fixed assets	0,04	0,09	0,04	0,08	0,14	0,01	0,06	0,93
Dividends paid / Net profit after tax	0,53	0,20	0,55	0,20	0,31	7,37	0,41	0,04
Tax / Net profit	0,35	0,27	0,35	0,28	0,34	0,84	0,17	0,05
Capital expenditure / Fixed assets	0,17	0,19	0,16	0,19	0,32	0,30	0,10	0,22
Capital expenditure on new assets / Fixed assets	0,10	0,15	0,09	0,15	0,25	0,25	0,08	0,17
Acid test ratio	0,64	0,66	0,65	0,66	0,57	0,47	0,52	0,31
Current ratio	0,72	0,75	0,72	0,75	0,69	0,67	0,58	0,39
Net profit before tax / Fixed assets	0,06	0,12	0,06	0,11	0,21	0,04	0,07	0,98

Table 6 - Selected operating ratios: Trade industry

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	10,97	11,92	11,09	12,04	8,07	9,45	8,07	8,66
Turnover / Inventories	10,23	10,48	10,21	10,45	9,64	11,92	12,73	11,18
Profit / Turnover	0,03	0,04	0,03	0,04	0,04	0,04	0,06	-0,01
Profitability ratio	0,02	0,03	0,02	0,03	0,02	0,04	0,05	-0,01
Net profit after tax / Fixed assets	0,22	0,31	0,22	0,31	0,18	0,33	0,38	-0,12
Dividends paid / Net profit after tax	0,39	0,35	0,41	0,35	0,05	0,07	0,09	-0,41
Tax / Net profit	0,34	0,30	0,34	0,30	0,45	0,20	0,20	-1,31
Capital expenditure / Fixed assets	0,27	0,23	0,27	0,23	0,11	0,19	0,12	0,20
Capital expenditure on new assets / Fixed assets	0,19	0,14	0,19	0,14	0,08	0,12	0,07	0,12
Acid test ratio	0,42	0,31	0,40	0,27	0,27	0,71	1,94	1,57
Current ratio	0,75	0,65	0,73	0,62	0,60	0,95	2,16	1,78
Net profit before tax / Fixed assets	0,34	0,44	0,34	0,45	0,33	0,41	0,47	-0,05

Table 7 - Selected operating ratios: Transport, storage and communication industry

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	1,29	1,27	1,28	1,26	6,13	5,03	2,89	5,05
Turnover / Inventories	33,75	39,32	33,42	39,14	103,99	90,51	183,25	147,17
Profit / Turnover	0,08	0,11	0,08	0,11	0,12	0,04	0,05	0,10
Profitability ratio	0,06	0,08	0,06	0,08	0,10	0,03	0,03	0,07
Net profit after tax / Fixed assets	0,08	0,10	0,08	0,10	0,63	0,14	0,09	0,34
Dividends paid / Net profit after tax	0,42	0,36	0,42	0,36	0,04	0,05	0,46	0,25
Tax / Net profit	0,24	0,25	0,24	0,25	0,17	0,32	0,43	0,30
Capital expenditure / Fixed assets	0,20	0,21	0,20	0,21	0,38	0,66	0,40	0,29
Capital expenditure on new assets / Fixed assets	0,15	0,13	0,15	0,13	0,15	0,58	0,30	0,26
Acid test ratio	0,62	0,65	0,61	0,65	0,95	0,92	0,83	0,77
Current ratio	0,66	0,69	0,66	0,69	0,96	0,93	0,83	0,78
Net profit before tax / Fixed assets	0,10	0,14	0,10	0,14	0,76	0,21	0,16	0,48

Table 8 - Selected operating ratios: Real estate and other business services (excluding financial intermediation and insurance) industry

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	1,47	1,58	1,55	1,65	1,94	2,31	0,48	0,29
Turnover / Inventories	20,55	11,64	20,93	11,52	12,93	32,67	22,97	14,09
Profit / Turnover	0,14	0,10	0,12	0,09	0,12	0,07	0,72	1,87
Profitability ratio	0,11	0,08	0,09	0,06	0,10	0,01	0,52	1,98
Net profit after tax / Fixed assets	0,16	0,12	0,15	0,10	0,19	0,02	0,25	0,57
Dividends paid / Net profit after tax	0,49	0,47	0,45	0,38	0,52	9,29	0,69	0,68
Tax / Net profit	0,23	0,25	0,23	0,31	0,20	0,87	0,29	-0,06
Capital expenditure / Fixed assets	0,13	0,20	0,13	0,21	0,30	0,30	0,08	0,09
Capital expenditure on new assets / Fixed assets	0,08	0,17	0,07	0,17	0,26	0,24	0,05	0,05
Acid test ratio	0,74	0,64	0,74	0,59	0,90	0,86	0,70	0,85
Current ratio	0,77	0,75	0,79	0,72	0,97	0,86	0,71	0,86
Net profit before tax / Fixed assets	0,20	0,16	0,19	0,14	0,24	0,16	0,35	0,54

Table 9 - Selected operating ratios: Community, social and personal services (excluding government institutions) industry

Ratio	Total		Large enterprises		Medium enterprises		Small enterprises	
	2001	2002	2001	2002	2001	2002	2001	2002
Turnover / Fixed assets	2,17	2,61	2,29	2,72	1,66	1,65	0,73	0,28
Turnover / Inventories	25,04	29,84	24,80	30,08	24,35	14,59	44,14	18,40
Profit / Turnover	0,06	0,08	0,07	0,07	-0,02	0,36	0,00	1,16
Profitability ratio	0,04	0,05	0,04	0,05	-0,03	0,34	-0,01	1,14
Net profit after tax / Fixed assets	0,09	0,14	0,10	0,12	-0,05	0,57	0,00	0,32
Dividends paid / Net profit after tax	0,25	0,24	0,22	0,27	-1,41	0,04	-0,61	0,00
Tax / Net profit	0,34	0,31	0,33	0,34	-0,39	0,05	4,03	0,02
Capital expenditure / Fixed assets	0,21	0,22	0,21	0,21	0,11	0,22	0,21	0,23
Capital expenditure on new assets / Fixed assets	0,17	0,14	0,17	0,14	0,09	0,20	0,18	0,21
Acid test ratio	0,52	0,55	0,48	0,53	0,67	0,71	0,89	0,89
Current ratio	0,61	0,61	0,58	0,59	0,74	0,80	0,91	0,89
Net profit before tax / Fixed assets	0,14	0,20	0,15	0,19	-0,04	0,60	0,00	0,32

Explanatory notes

Background The Economic Activity Survey (EAS) is an annual survey, which measures overall activity in the South African economy. It is based on a sample of private and public enterprises operating in the formal non-agricultural business sector of the economy, excluding financial intermediation, insurance and government institutions. The survey is designed to give information on selected income and expenditure items and the consolidated balance sheet. Information is collected for the financial years of enterprises that ended on any date between 1 July of one year and 30 June of the following year. The results are used within Statistics South Africa (Stats SA) for compiling the annual national accounts. Other users will include the South African Reserve Bank, government organisations, researchers and academics.

The annual EAS was introduced on an experimental basis for the 1998, 1999 and 2000 years. Due mainly to limitations in the business sampling frame, the information for those years was not published.

Using an improved business sampling frame for 2001 and 2002, this publication presents the first results (in the format of ratios) on economic activity in South Africa in the formal non-agricultural business sector (excluding financial intermediation, insurance and government institutions).

With further improvements to the business sampling frame, and other methodological improvements, the publication for 2003 will include the levels of the items collected. Publications for subsequent years will also include year-to-year changes in those items.

Purpose of the survey The purpose of the EAS is to derive a set of measures of industry performance based on information available from the financial accounts of enterprises. Results of the survey are used to compile estimates of the annual Gross Domestic Product (GDP) and its components. The statistics from the EAS can also be used by government departments and the private sector in analyses of the comparative performance of industries. Enterprises can assess their own performance against that of their industry and size group, in terms of a range of operating ratios. The results of the *Economic Activity Survey*, of which the present publication is the first, will be published annually.

Scope of the survey This survey collects financial statistics for the following industries according to the *Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993*:

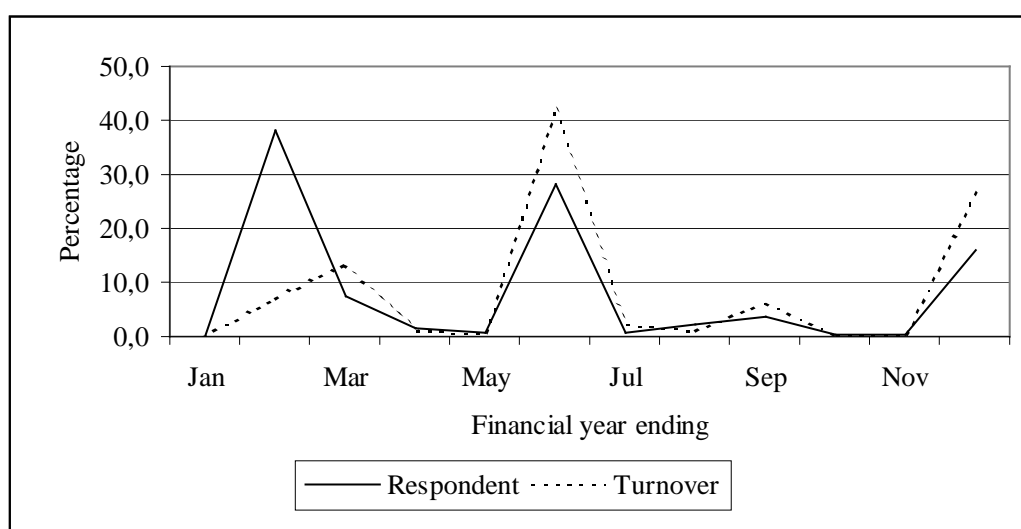
- mining and quarrying;
- manufacturing;
- electricity, gas and water supply;
- construction;
- trade;
- transport, storage and communication;
- real estate and business services, excluding financial intermediation and insurance; and
- community, social and personal services, excluding government institutions.

Business Sampling Frame	Stats SA developed a new Business Sampling Frame (BSF) in 2001, based on the value-added tax (VAT) database obtained from the South Africa Revenue Services (SARS), which replaced the previous sampling frame. All enterprises are legally bound to register for VAT when their turnover for a period of twelve months equals or exceeds R300 000. Enterprises that conform to these criteria were eligible for selection in the EAS.
New sample	For 2003 and further EAS samples a new sampling frame has been created, which comprises not only of businesses registered for VAT, but also businesses in the Income Tax (IT) system. Future publications of the EAS will be based on these samples. See also the section 'Operating ratios' below.
Classification	The 1993 edition of the <i>Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993</i> , was used to classify the statistical units in the survey. The SIC is based on the <i>1990 International Standard Industrial Classification of all Economic Activities (ISIC)</i> with suitable adaptations for local conditions. Statistics in this publication are only presented at SIC major division (one digit) level. Classification of enterprises into industries are based on the current BSF. The methodology for determining the classification of enterprises may be reviewed and could influence the data provided in this discussion document.
Statistical unit	The statistical unit for the collection of information in this survey is the enterprise, defined as a legal unit (or combination of legal units) that includes and directly controls all functions necessary to carry out its production activities.
Reference period	The EAS results are based on the financial information held in the records of enterprises. For 2001 and 2002, enterprises were asked to provide data in respect of their financial years ending on any date between 1 July 2000 and 30 June 2001 and 1 July 2001 and 30 June 2002. Table A reflects the frequency of the different periods covered by the respondents for the EAS.

Table A – Frequency of different periods of financial year coverage

Financial year end	Number of respondents	% of respondents	% of turnover
January	20	0,3	0,1
February	2 285	38,1	7,0
March	442	7,4	13,4
April	87	1,5	1,0
May	52	0,9	0,6
June	1 695	28,3	41,8
July	51	0,9	2,3
August	126	2,1	1,0
September	227	3,8	6,1
October	32	0,5	0,2
November	27	0,5	0,2
December	954	15,9	26,3
Total	5 998	100,0	100,0

Figure A – Distribution of the different periods of financial year coverage reported by responding businesses



The highest number of respondents reported that their financial year ended in the months of February, June and December with 38,1%, 28,3% and 15,9% respectively, while the highest turnover were reported for the months ending in June, December and March with 41,8%, 26,3% and 13,4% respectively.

Survey methodology and design

The survey is conducted annually by mail, fax and telephone. For the 2001 and 2002 surveys, questionnaires were sent to a sample of 10 078 and 7 312 enterprises respectively. Fax reminders and telephone calls are used to follow up non-respondents.

A stratified random sample design, based on business turnover as recorded on the BSF, was used for the EAS. All enterprises are first stratified by the predominant type of activity according to the SIC, and then by size using turnover as measure of size. Three size groups were specified for each industry. All enterprises in the size group representing the largest enterprises according to turnover were selected. These large enterprises accounted for about 47% of the total sample in 2001 and about 64% in 2002. For medium and small enterprises, samples were drawn by randomly selecting the allocated number of enterprises within a size group and industry. The distributions of the number and turnover of enterprises according to size groups for 2001 and 2002 are given in tables B and C.

Table B – Distribution of enterprises and turnover according to size group: EAS 2001

Group	Number of enterprises	Percent contribution (%)	Percent contribution (%)
Large enterprises	4 695	46,6	97,2
Medium enterprises	1 876	18,6	2,2
Small enterprises	3 507	34,8	0,6
Total	10 078	100,0	100,0

**Table C – Distribution of enterprises and turnover according to size group:
EAS 2002**

Group	Number of enterprises	Percent contribution (%)	Percent contribution (%)
Large enterprises	4 677	63,9	98,3
Medium enterprises	840	11,5	1,3
Small enterprises	1 795	24,6	0,4
Total	7 312	100,0	100,0

The cut-off points are given in table D defining large, medium and small enterprises by industry.

Table D – Cut-off points for the various size groups by industry

Industry	Large enterprises	Medium enterprises	Small enterprises
Mining and quarrying	Turnover >R 39 mill	Turnover > R 10 mill, Turnover ≤ R 39 mill	Turnover ≤ R 10 mill
Manufacturing	Turnover >R 51 mill	Turnover > R 13 mill, Turnover ≤ R 51 mill	Turnover ≤ R 13 mill
Electricity, gas and water supply	Turnover >R 51 mill	Turnover > R 13 mill, Turnover ≤ R 51 mill	Turnover ≤ R 13 mill
Construction	Turnover >R 26 mill	Turnover > R 6 mill, Turnover ≤ R 26 mill	Turnover ≤ R 6 mill
Wholesale trade	Turnover >R 64 mill	Turnover > R 32 mill, Turnover ≤ R 64 mill	Turnover ≤ R 32 mill
Retail and motor trade	Turnover >R 39 mill	Turnover > R 19 mill, Turnover ≤ R 39 mill	Turnover ≤ R 19 mill
Accommodation and catering trade	Turnover >R 13 mill	Turnover > R 6 mill, Turnover ≤ R 13 mill	Turnover ≤ R 6 mill
Transport, storage and communication	Turnover >R 26 mill	Turnover > R 13 mill, Turnover ≤ R 26 mill	Turnover ≤ R 13 mill
Real estate and other business services (excluding financial intermediation and insurance)	Turnover >R 26 mill	Turnover > R 13 mill, Turnover ≤ R 26 mill	Turnover ≤ R 13 mill
Community, social and personal services (excluding government institutions)	Turnover >R 13 mill	Turnover > R 6 mill, Turnover ≤ R 13 mill	Turnover ≤ R 6 mill

Source: National Small Business Amendment Bill - DTI 2003

Aspects covered

In designing the questionnaire for the EAS, Stats SA consulted widely with potential users, as the EAS was seen as an important new survey for collecting annual financial information of enterprises across the economy. Previously such information was only collected through periodic censuses held every three to six years and in some cases, even less frequently. The EAS collects information on selected income and expenditure items and the consolidated balance sheet.

Data about the levels of activity in the items collected from the 2001 and 2002 EAS will not be published. The coverage of the BSF in terms of total turnover in the South African economy was still being built up when the samples for these surveys were selected, and consequently the 2001 and 2002 EAS could understate the level of activity in the economy. This deficiency is expected to be overcome in the 2003 EAS, which will be the first to provide a true indicator of the level of activity across industries (see also the section 'Business Sampling Frame' above). This deficiency does not affect the quality or usefulness of the information about operating ratios and the changes in them between 2001 and 2002, which is the subject of this first EAS publication.

Operating ratios

Ratios are included for each industry at the 1 digit SIC level, as identified under *Scope of this survey* above, in the size categories for large, medium and small enterprises.

The following ratios are included:

Turnover ratios:

Turnover / Fixed assets

Turnover / Inventories

Profit before tax / turnover

Profitability ratio:

Net profit after tax / Turnover

Acid test ratio:

(Current assets minus inventories) / Current liabilities

Current ratio:

Current assets / Current liabilities

Other ratios:

Dividends paid / Net profit after tax

Tax / Net profit

Capital expenditure / Fixed assets

Net profit after tax / Fixed assets

Symbols and abbreviations

BSF	Business Sampling Frame
EAS	Economic Activity Survey
GDP	Gross Domestic Product
IT	Income Tax
ISIC	International Standard Industrial Classification
SARS	South Africa Revenue Services
SIC	Standard Industrial Classification of all Economic Activities
Stats SA	Statistics South Africa
VAT	Value-added tax

Glossary

Capital expenditure on new assets	<p>Capital expenditure on new assets includes -</p> <ul style="list-style-type: none"> • the erection of new buildings and works, additions to and alterations of existing buildings and works; • capital work in progress capitalised; • new plant and machinery, vehicles and equipment; and • used plant and machinery, which was imported by or on behalf of the enterprise whether paid to outside contractors/concerns, or which was done by the enterprise itself.
Current assets	Current assets include debtors, cash, shares, closing stocks, fixed assets and intangible assets.
Current liabilities	Current liabilities are liabilities that exclude owners' equity or shareholders' funds.
Dividends paid	Dividends paid include cash dividends and other dividends such as capitalisation issues or scrip dividends or capitalisation shares.
Enterprise	An enterprise is a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its production activities.
Fixed assets	Fixed assets are non-current assets (including intangible assets) valued at the book value at the end of the financial year according to the balance sheet.
Industry	An industry consists of a group of enterprises engaged in the same or similar kinds of economic activity, and is classified according to the <i>Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, January 1993</i> .
Inventories	<p>Inventories include –</p> <ul style="list-style-type: none"> • raw materials or materials for processing, packaging materials, fuel and consumable and maintenance stores; • work in progress (partially completed); and • finished goods (own manufactures) and finished goods not produced by the enterprise but purchased for resale.
Net profit after tax	Net profit after tax is net profit or loss less company tax paid or provided for during the financial year.
Net profit or loss	Net profit or loss is the difference between total income and total expenditure before drawings by proprietors or partners, company tax paid or provided for and dividends paid or provided for are taken into account. In the tables where net profit or loss is shown, it is the amount arrived at after total losses of individual enterprises were deducted from total profits of individual enterprises.

Tax and company tax brought into account Tax and company tax brought into account consist of taxes on incomes, profits and capital gains, excluding value-added tax (VAT). They are assessed on the actual or presumed incomes of enterprises and exclude employees' taxes and compulsory loan levies.

Turnover

Turnover includes –

- the value of sales;
- amounts received for work done;
- amounts received for services rendered;
- rent and or lease payments received for land and buildings; and
- rent, leasing and hiring received for machinery, vehicles and other equipment.

Turnover excludes –

- value-added tax (VAT);
- net profit or loss on sales or revaluation of fixed assets (including profit or loss on foreign exchange);
- export freight charges;
- interest received; and
- excise duty.

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