



# Manufacturing: financial statistics

December 2001

Co-operation between Statistics South Africa (Stats SA), the citizens of the country, the private sector and government institutions is essential for a successful statistical system. Without continued co-operation and goodwill, the timely release of relevant and reliable official statistics will not be possible.

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## Key figures for the year 2001

<b>Actual estimates</b>	<b>2000</b>	<b>2001</b>	<b>% change between 2000 and 2001</b>
Profitability ratio (net profit after tax/turnover)	0,05	0,05	+0,0
Interest paid as a percentage of turnover	2,3%	2,3%	+0,0
Capital expenditure on new assets as a percentage of turnover	3,9%	3,4%	-12,8

## Key findings for the year 2001

### Profitability ratio for the manufacturing industry at the same level as a year ago

*The profitability ratio (net profit after tax/turnover) for the manufacturing industry was 0,05 for 2001, which is the same as the profitability ratio for 2000.*

Profitability ratios for the wood products, paper products, printing and publishing division and the petroleum products, chemical products, rubber and plastic products division remained at 0,08 and 0,07 respectively for 2000 and 2001. The profitability ratio for the food products and beverage division; the textiles, clothing and leather products division; and the 'other' industries division decreased slightly between 2000 and 2001.

The ratio of capital expenditure on new assets to turnover, expressed as a percentage, decreased from 3,9% to 3,4% from 2000 to 2001, due to lower capital expenditure reported on new plant, machinery, furniture and fittings during this period.

## Key figures as at the end of the fourth quarter of 2001

### Actual estimates

	Fourth quarter of 2000	Fourth quarter of 2001	% change between fourth quarter of 2000 and fourth quarter of 2001
Profitability ratio (net profit after tax/turnover)	0,05	0,05	+0,0
Interest paid as a percentage of turnover	2,2%	2,3%	+4,5
Capital expenditure on new assets as a percentage of turnover	3,9%	3,6%	-7,7

### Seasonally adjusted estimates

	Third quarter of 2001	Fourth quarter of 2001	% change between third quarter of 2001 and fourth quarter of 2001
Profitability ratio (net profit after tax/turnover)	0,05	0,05	+0,0

## Key findings as at the end of the fourth quarter of 2001

### Profitability ratio for the manufacturing industry at the same level as a year ago

*The profitability ratio (net profit after tax/turnover) for the manufacturing industry in the fourth quarter of 2000 was 0,05, which is the same as the profitability ratio for the fourth quarter of 2001. Furthermore, the seasonally adjusted profitability ratio for the fourth quarter of 2001 remained at 0,05, the same level as the seasonally adjusted profitability ratio for the third quarter of 2001.*

Profitability ratios for the textiles, clothing and leather products division and the wood products, paper products, printing and publishing division increased from -0,02 and +0,09 in the fourth quarter of 2000 to +0,01 and +0,12 respectively in the fourth quarter of 2001. The profitability ratio reported by the petroleum products, chemical products, rubber and plastic products division remained at 0,04 for the above-mentioned period.

The ratio of interest paid to turnover, expressed as a percentage, increased from 2,2% in the fourth quarter of 2000 to 2,3% in the fourth quarter of 2001. The ratio of capital expenditure on new assets to turnover, expressed as a percentage, decreased from 3,9% to 3,6% during the above-mentioned period.

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## Notes

### **Forthcoming issues**

Issues of the Quarterly Financial Statistical Release (P3042.1) will be suspended until further notice as a review of the methodology is currently taking place.

### **Purpose of the survey**

The Quarterly Financial Statistics Survey is a survey covering a sample of private and public enterprises operating in the manufacturing industry of South Africa. 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. The results for the manufacturing industry are published quarterly in statistical release P3042.1 – Manufacturing: Financial Statistics as well as in the annual statistical release P3042.3 – Capital expenditure on new assets.

TABLE 1 - SELECTED OPERATING RATIOS FOR THE MANUFACTURING INDUSTRY

Ratios						
Item	2000	2001	Dec. 2000	Sep. 2001*	Dec. 2001	Percentage change Dec. 2000 - Dec. 2001
Turnover ratios						
Turnover/Fixed assets	3,61	4,23	1,01	1,05	1,15	+13,9%
Profitability ratios						
Net profit after tax/turnover						
Actual	0,05	0,05	0,05	0,05	0,05	+0,0%
Seasonally adjusted						
Net profit after tax/ fixed assets	0,18	0,20	0,05	0,05	0,06	+20,0%
Other ratios						
Dividends paid/ net profit after tax	0,47	0,54				
Tax/net profit	0,31	0,35				

TABLE 2 - PROFITABILITY RATIO (NET PROFIT AFTER TAX/TURNOVER) FOR THE MAJOR DIVISIONS OF THE MANUFACTURING INDUSTRY

Division combination	2000	2001	Dec. 2000	Sep. 2001	Dec. 2001	Percentage change Dec. 2000 - Dec. 2001
Food products and beverages	0,06	0,05	0,07	0,05	0,06	-14,3%
Textiles, clothing and leather products	0,03	-0,01	-0,02	-0,03	0,01	+150,0%
Wood products, paper products, printing and publishing	0,08	0,08	0,09	0,07	0,12	+33,3%
Petroleum products, chemical products, rubber and plastic products	0,07	0,07	0,04	0,08	0,04	+0,0%
Other industries	0,05	0,03	0,04	0,05	0,04	+0,0%
Total manufacturing	0,05	0,05	0,05	0,05	0,05	+0,0%

TABLE 3 - QUARTERLY PERCENTAGE CHANGE IN SELECTED ITEMS FOR THE MANUFACTURING INDUSTRY

Item	Per cent			
	Percentage change			
	Quarter ended Dec. 2000 compared with quarter ended Sep. 2000	Quarter ended Jun. 2001 compared with quarter ended Mar. 2001	Quarter ended Sep. 2001 compared with quarter ended Jun. 2001	Quarter ended Dec. 2001 compared with quarter ended Sep. 2001
Net profit	24,1	4,8	10,3	12,8
Interest paid	9,2	4,4	0,0	12,8
Capital expenditure on new assets	4,1	30,2	-2,2	12,8
Selected assets				
Stocks	-0,1	1,6	1,8	1,8

TABLE 4 - ANNUAL PERCENTAGE CHANGE IN SELECTED ITEMS FOR THE  
MANUFACTURING INDUSTRY

Per cent		
Item	Percentage change	
	Twelve months ended Sep. 2001 / Twelve months ended Sep. 2000	Twelve months ended Dec. 2001/ Twelve months ended Dec. 2000
Turnover	16,0	13,4
Interest received	10,9	11,2
Interest paid	7,2	13,5
Rent paid		
Land and buildings	9,0	3,3
Machinery, vehicles and other equipment	-4,5	-8,9
Depreciation	4,9	5,9
Net profit	26,2	15,6
Dividends paid	105,4	23,9
Income tax and company tax brought into account	44,7	31,0
Capital expenditure on:		
New assets		
Buildings, improvements and construction works	-44,2	-35,5
Plant, machinery, furniture, fittings and other equipment	7,7	3,3
Vehicles	19,8	19,2
Total	-0,3	-1,4
Land, existing buildings and other used assets	-61,4	-18,3
Book value of land, buildings, machinery, furniture, fittings and other equipment	-1,2	-3,0
Stocks	1,0	2,9

TABLE 5 - SELECTED FINANCIAL QUANTITIES EXPRESSED AS A PERCENTAGE OF TURNOVER  
FOR THE MANUFACTURING INDUSTRY

Item	Per cent				
	2000	2001	Dec. 2000	Sep. 2001*	Dec. 2001
<b>Credits</b>					
Interest received	0,85	0,84	0,77	0,82	0,73
Dividends received	0,26	0,42	0,15	0,22	0,55
Royalties received	0,02	0,02	0,02	0,01	0,02
Rent received					
Land and buildings	0,09	0,11	0,09	0,12	0,11
Machinery, vehicles and other equipment	0,05	0,03	0,04	0,02	0,02
Profit on assets sold or revalued	0,50	0,39	0,35	0,29	0,45
<b>Debits</b>					
Interest paid	2,31	2,31	2,17	2,27	2,34
Royalties paid	0,44	0,39	0,49	0,39	0,39
Rent paid					
Land and buildings	0,49	0,45	0,47	0,44	0,42
Machinery, vehicles and other equipment	0,31	0,25	0,28	0,24	0,23
Depreciation	2,93	2,74	2,66	2,70	2,67
Losses on assets sold or revalued	0,61	1,07	1,29	0,45	1,18
Net profit	7,23	7,35	8,01	7,56	7,82
Dividends paid	2,35	2,59	4,10	2,73	2,09
Income tax and company tax brought into account	2,25	2,60	2,59	2,46	2,73
<b>Capital expenditure on:</b>					
<b>New assets</b>					
Buildings, improvements and construction works	0,53	0,30	0,40	0,34	0,35
Plant, machinery, furniture, fittings and other equipment	3,22	2,93	3,31	2,98	3,03
Vehicles	0,15	0,15	0,16	0,12	0,18
Total	3,90	3,39	3,87	3,44	3,56
Land, existing buildings and other used assets	0,05	0,04	0,02	0,07	0,06
Book value of land, buildings, machinery, furniture, vehicles and other equipment	27,67	23,65	98,75	95,50	86,73
Stocks	14,30	12,97	51,04	50,95	47,57

# Additional information

## Explanatory Notes

<b>Introduction</b>	<b>1</b>	<p>Statistics South Africa (Stats SA) conducts a quarterly survey collecting financial information from a sample of enterprises in the manufacturing industry. The statistical release contains information regarding -</p> <ul style="list-style-type: none"><li>• ratio of turnover/fixed assets;</li><li>• profitability ratio: net profit after tax/turnover;</li><li>• profitability ratio: net profit after tax/fixed assets;</li><li>• ratio of dividends paid/net profit after tax;</li><li>• ratio of tax/net profit;</li><li>• profitability ratio (net profit after tax/turnover) for the major divisions of the manufacturing industry;</li><li>• quarterly percentage changes in net profit, interest paid, capital expenditure on new assets and stocks;</li><li>• annual percentage change in turnover, interest received, interest paid, rent paid on land and buildings, rent paid on machinery, vehicles and equipment, depreciation, net profit, dividends paid, income tax, capital expenditure on new and used assets, book value of fixed assets and stocks; and</li><li>• selected financial quantities expressed as a percentage of turnover: interest received, dividends received, royalties received, rent received for land and buildings and machinery, vehicles and equipment, profit on assets sold, interest paid, royalties paid, rent paid for land and buildings and machinery, vehicles and equipment, depreciation, losses on assets sold, net profit, dividends paid, income tax, capital expenditure on new and used assets and book value of fixed assets and stocks.</li></ul>
	<b>2</b>	<p>In order to improve timeliness of the publication, some information for the current quarter may have been estimated due to late submission by respondents. These estimates will be revised in the next statistical release(s) as soon as actual information is available.</p>
<b>Scope of the survey</b>	<b>3</b>	<p>This survey covers manufacturing enterprises conducting activities regarding –</p> <ul style="list-style-type: none"><li>• the manufacturing, processing, making or packing of products;</li><li>• the slaughtering of animals, including poultry; and</li><li>• installation, assembly, completion, repair and related work.</li></ul>
<b>Classification</b>	<b>4</b>	<p>The 1993 edition of the Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, Report No. 09-90-02, was used to classify the statistical units in the survey. The SIC is based on the 1990 International Standard Industrial Classification of all Economic Activities (ISIC) with suitable adaptations for local conditions. Statistics in this publication are only presented at SIC major division (one digit) level.</p>
<b>Statistical unit</b>	<b>5</b>	<p>The basic statistical unit for the collection of information is a manufacturing enterprise (firm).</p>
<b>Survey methodology and design</b>	<b>6</b>	<p>All manufacturing enterprises are stratified by type of enterprise according to the Standard Industrial Classification of all Economic Activities, 1993 (SIC), Fifth edition, Report No. 09-90-02 and measure of size, where measure of size is turnover. All large enterprises are completely enumerated. The results of the sample survey are multiplied by applicable weights and aggregated to obtain financial information of the manufacturing industry.</p>
	<b>7</b>	<p>The data are collected by mail each quarter from a sample of approximately 1 075 enterprises. Questionnaires have to be returned to Stats SA within four weeks after the end of the quarter concerned. Fax and telephone reminders are used to follow up non-respondents.</p>
<b>Reliability of estimates</b>	<b>8</b>	<p>Data presented in this publication are based on information obtained from a sample of enterprises and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the manufacturing industry in South Africa.</p>



	9	Inaccuracies may occur because of imperfections in reporting by enterprises and errors made with the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to reduce non-sampling errors to a minimum by careful designing the questionnaire, pilot studies, editing data and efficient operating procedures. Figures for the latest quarter are preliminary.														
<b>Reference period</b>	10	The reference period is the four quarters ending March, June, September and December of each year.														
<b>Related publications</b>	11	Users may also wish to refer to the following publications which are available from Stats SA - <ul style="list-style-type: none"> <li>• Bulletin of Statistics issued quarterly.</li> <li>• South African Statistics issued annually.</li> </ul>														
<b>Unpublished statistics</b>	12	In some cases Stats SA can also make available statistics which are not published. The statistics can be made available as computer printouts, on diskette or CD. Generally a charge is made for providing unpublished statistics.														
<b>Rounding-off of figures</b>	13	The figures in the tables have, where necessary, been rounded off to the nearest digit shown. There may, therefore, be slight discrepancies between the sums of the constituent items and the totals shown.														
<b>Symbols and abbreviations</b>	14	<table border="0"> <tr> <td>CD</td> <td>Compact Disc</td> </tr> <tr> <td>GDP</td> <td>Gross Domestic Product</td> </tr> <tr> <td>ISIC</td> <td>International Standard Industrial Classification</td> </tr> <tr> <td>*</td> <td>Revised figures</td> </tr> <tr> <td>SIC</td> <td>Standard Industrial Classification of all Economic Activities</td> </tr> <tr> <td>Stats SA</td> <td>Statistics South Africa</td> </tr> <tr> <td>VAT</td> <td>Value Added Tax</td> </tr> </table>	CD	Compact Disc	GDP	Gross Domestic Product	ISIC	International Standard Industrial Classification	*	Revised figures	SIC	Standard Industrial Classification of all Economic Activities	Stats SA	Statistics South Africa	VAT	Value Added Tax
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VAT	Value Added Tax															

## Technical notes

**Response rate** The response rate for the survey on manufacturing financial statistics for December 2001 is 69,7%.

## Glossary

**Capital expenditure on land and used assets** Capital expenditure on land and used assets refers to the expenditure incurred in the acquisition of land or used assets.

Capital expenditure on land and used assets includes -

- the acquisition of land;
- existing buildings and works; and
- used plant, machinery and vehicles, if imported by or on behalf of the enterprise, and paid to outside contractors/concerns or which was done by the enterprise itself.

**Capital expenditure on new assets** Capital expenditure on new assets refers to the expenditure incurred in the acquisition of new fixed assets, e.g. the erection of new buildings, and the replacement of or alterations to existing fixed assets, for the purpose of increasing future production. Capital expenditure on repairs and maintenance of the fixed assets is **not** part of capital expenditure on new assets.

Capital expenditure on new assets includes -

- the erection of new buildings and works as well as additions to and alterations of existing buildings and works;
- work in progress capitalised; and
- new plant and machinery, vehicles and equipment purchased (trade-in allowances have not been deducted).

**Depreciation** Depreciation is the reduction in the value of fixed capital assets as a result of wear and tear as well as redundancy (technologically or otherwise) over a period of time. The amounts shown

regarding depreciation represent the amounts provided for by the enterprise during the relevant quarter.

<b>Enterprise (firm)</b>	An enterprise (firm) is a legal entity consisting of one or more establishments (branches) including the head office, but excluding holding or subsidiary companies.
<b>Establishment (branch)</b>	An establishment (branch) is the smallest economic unit which operates as a separate entity and for which comprehensive financial records are kept.
<b>Industry</b>	An industry consists of a group of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the 1993 System of National Account (1993 SNA) in the same way as in the Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, Report No. 09-90-02.
<b>Net profit/loss</b>	Net profit/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. Therefore, in the tables where net profit/loss is shown, it is the amount arrived at after total losses of individual enterprises were deducted from total profits of individual enterprises.
<b>Profitability ratio</b>	Profitability ratio is net profit after tax divided by the turnover.
<b>Stocks</b>	Stocks include work in progress and stocks of raw materials, components for processing, packing materials, fuel, consumable and maintenance stores, own manufactures and factored goods.
<b>Turnover</b>	Turnover refers to the total value of sales and amounts receivable for work done and services rendered. Turnover excludes – <ul style="list-style-type: none"><li>• value-added tax (VAT);</li><li>• net profit/loss on sales or revaluation of fixed assets (including profit/loss on foreign exchange);</li><li>• export freight charges;</li><li>• income from rent, leasing and hiring;</li><li>• interest received; and</li><li>• excise duty.</li></ul>

## For more information

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Central Reference Collection, Kimberley  
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