

P3042.1

Manufacturing: financial statistics

September 2001

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Key figures as at the end of the third quarter of 2001

Actual estimates	Third quarter of 2000	Third quarter of 2001	% change between third quarter of 2000 and third 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%	2,5%	+13,6
Capital expenditure on new assets as a percentage of turnover	3,9%	3,4%	-12,8

Seasonally adjusted estimates	Second quarter of 2001	Third quarter of 2001	% change between second quarter of 2001 and third quarter of 2001
Profitability ratio (net profit after tax/turnover)	0,06	0,05	-16,7

Key findings as at the end of the third 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 for the third quarter of 2000 was 0,05 which is the same as the profitability ratio for the third quarter of 2001. However, the seasonally adjusted profitability ratio decreased from 0,06 for the second quarter of 2001 to 0,05 for the third quarter of 2001.

The profitability ratio for the petroleum products, chemical, rubber and plastic products division increased from 0,05 for the third quarter of 2000 to 0,07 for the third quarter of 2001. Profitability ratios for the food products and beverages division; and the “other” industries division increased from 0,05 for the third quarter of 2000 to 0,06 for the third quarter of 2001. Decreases in the profitability ratios recorded for the textiles, clothing and leather products division; and the wood products, paper products, printing and publishing division counteracted these increases.

The ratio of interest paid to turnover, expressed as a percentage, increased from 2,2% for the third quarter of 2000 to 2,5% for the third quarter of 2001. The ratio of capital expenditure on new assets to turnover, expressed as a percentage, decreased from 3,9% to 3,4% during the above-mentioned period.

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Forthcoming issues	Issue	Expected release date
	December 2001	21 March 2002
	March 2002	4 July 2002
	June 2002	3 October 2002
	September 2002	7 January 2003

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.

Additional information

Explanatory Notes

Introduction	1	<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">• ratio of turnover/fixed assets;• profitability ratio: net profit after tax/turnover;• profitability ratio: net profit after tax/fixed assets;• ratio of dividends paid/net profit after tax;• ratio of tax/net profit;• profitability ratio (net profit after tax/turnover) for the major divisions of the manufacturing industry;• quarterly percentage changes in net profit, interest paid, capital expenditure on new assets and stocks;• 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• 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.
	2	<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>
Scope of the survey	3	<p>This survey covers manufacturing enterprises conducting activities regarding –</p> <ul style="list-style-type: none">• the manufacturing, processing, making or packing of products;• the slaughtering of animals, including poultry; and• installation, assembly, completion, repair and related work.
Classification	4	<p>The 1993 edition of the Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, Report No. 09-90-02, was used</p>

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.

Statistical unit	5	The basic statistical unit for the collection of information is a manufacturing enterprise (firm).
Survey methodology and design	6	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.
	7	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.
Reliability of estimates	8	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.
	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.
Reference period	10	The reference period is the four quarters ending March, June, September and December of each year.
Related publications	11	Users may also wish to refer to the following publications which are available from Stats SA - <ul style="list-style-type: none"> • Bulletin of Statistics issued quarterly. • South African Statistics issued annually.
Unpublished statistics	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.

Rounding-off of figures

- 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.

Symbols and abbreviations

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- | | |
|----------|---|
| 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 |

Technical notes

Response rate

The response rate for the survey on manufacturing financial statistics for September 2001 is 74,6%.

Glossary

Capital expenditure on land and used assets	<p>Capital expenditure on land and used assets refers to the expenditure incurred in the acquisition of land or used assets.</p> <p>Capital expenditure on land and used assets includes -</p> <ul style="list-style-type: none">• 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	<p>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.</p> <p>Capital expenditure on new assets includes -</p> <ul style="list-style-type: none">• 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	<p>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.</p>
Enterprise (firm)	<p>An enterprise (firm) is a legal entity consisting of one or more establishments (branches) including the head office, but excluding holding or subsidiary companies.</p>
Establishment (branch)	<p>An establishment (branch) is the smallest economic unit which operates as a separate entity and for which comprehensive financial records are kept.</p>
Industry	<p>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.</p>
Net profit/loss	<p>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.</p>

Profitability ratio

Profitability ratio is net profit after tax divided by the turnover.

Stocks

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.

Turnover

Turnover refers to the total value of sales and amounts receivable for work done and services rendered.

Turnover excludes –

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

For more information

Stats SA publishes approximately 300 different statistical releases each year. It is not economically viable to produce them in more than one of South Africa's eleven official languages. Since the releases are used extensively, not only locally but also by international economic and social-scientific communities, Stats SA releases are published in English only.

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Enquiries

Telephone number: (012) 310 8600/8095/8390/8351 (user enquiries)
(012) 310 8249/310 8663 (technical enquiries)
(012) 310 8161 (publications)
(012) 310 8490 (library)

Fax number: (012) 310 8332

e-mail: RenschaP@statssa.pwv.gov.za
GerdaB@statssa.pwv.gov.za

Postal address: Private Bag X44, Pretoria, 0001

TABLE 1 - SELECTED OPERATING RATIOS FOR THE MANUFACTURING INDUSTRY

Ratios					
Item	2000	SEP. 2000	JUN. 2001	SEP. 2001	Percentage change SEP. 2000 - SEP. 2001
Turnover ratios					
Turnover/Fixed assets	3,61	0,92	0,90*	1,04	+13,0%
Profitability ratios					
Net profit after tax/turnover					
Actual	0,05	0,05	0,06	0,05	+0,0%
Seasonally adjusted		0,04	0,06	0,05	
Net profit after tax/ fixed assets	0,18	0,04	0,05	0,06	+50,0%
Other ratios					
Dividends paid/ net profit after tax	0,47				
Tax/net profit	0,31				

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

Division combination	2000	SEP. 2000	JUN. 2001	SEP. 2001	Percentage change SEP. 2000 - SEP. 2001
Food products and beverages	0,05	0,05	0,02	0,06	+20,0%
Textiles, clothing and leather goods	0,03	0,01	-0,00	-0,02	-300,0%
Wood products, paper products, printing and publishing	0,08	0,07	0,06	0,06	-14,3%
Petroleum products, chemical products, rubber and plastic products	0,07	0,05	0,09	0,07	+40,0%
Other industries	0,05	0,05	0,05*	0,06	+20,0%
Total manufacturing	0,05	0,05	0,06*	0,05	+0,0%

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

Per cent				
Item	Percentage change			
	SEP. 2000	MAR. 2001	JUN. 2001	SEP. 2001
	-	-	-	-
	JUN. 2000	DEC. 2000	MAR. 2001	JUN. 2001
Net profit	4,1	-3,3	4,2*	7,5
Interest paid	-0,6	2,9	-2,3*	17,1
Capital expenditure on new assets	9,7	-15,9	8,2*	2,2
Selected assets Stocks	7,9	-2,2	1,6*	1,8

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

Item	Per cent	
	Percentage change	
	Twelve months ended JUN. 2001 / Twelve months ended JUN. 2000*	Twelve months ended SEP. 2001 / Twelve months ended SEP. 2000
Turnover	12,4	12,2
Interest received	-3,6	7,3
Interest paid	0,8	9,3
Rent paid		
Land and buildings	10,7	8,4
Machinery, vehicles and other equipment	-0,1	-1,1
Depreciation	4,0	4,3
Net profit	36,5	39,6
Dividends paid	109,9	119,5
Income tax and company tax brought into account	73,2	70,9
Capital expenditure on:		
New assets		
Buildings, improvements and construction works	-22,9	-34,8
Plant, machinery, furniture, fittings and other equipment	6,9	7,8
Vehicles	32,4	10,8
Total	3,2	0,9
Land, existing buildings and other used assets	-73,3	-75,5
Book value of land, buildings, machinery, furniture, fittings and other equipment	-0,9	-0,9
Stocks	7,0	1,0

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

Item	Per cent			
	2000	SEP. 2000	JUN. 2001	SEP. 2001
Credits				
Interest received	0,79	0,75	1,00*	0,81
Dividends received	0,20	0,24	0,56*	0,22
Royalties received	0,02	0,03	0,02	0,01
Rent received				
Land and buildings	0,09	0,09	0,14*	0,12
Machinery, vehicles and other equipment	0,05	0,04	0,03*	0,02
Profit on assets sold or revalued	0,50	0,99	0,52*	0,29
Debits				
Interest paid	2,33	2,20	2,49*	2,53
Royalties paid	0,44	0,38	0,48*	0,39
Rent paid				
Land and buildings	0,49	0,49	0,51*	0,44
Machinery, vehicles and other equipment	0,30	0,29	0,29	0,26
Depreciation	2,94	2,88	3,08*	2,70
Losses on assets sold or revalued	0,58	0,35	2,72*	1,87
Net profit	7,19	7,14	9,23*	8,60
Dividends paid	2,28	2,07	2,64*	3,57
Income tax and company tax brought into account	2,24	2,35	3,55*	3,16
Capital expenditure on:				
New assets				
Buildings, improvements and construction works	0,51	0,52	0,31*	0,32
Plant, machinery, furniture, fittings and other equipment	3,13	3,23	3,36*	2,99
Vehicles	0,15	0,17	0,18*	0,10
Total	3,79	3,91	3,85*	3,41
Land, existing buildings and other used assets	0,06	0,04	0,03	0,03
Book value of land, buildings, machinery, furniture, vehicles and other equipment	27,67	108,31	110,82*	96,07
Stocks	14,30	56,52	57,98*	51,11