West German enterprises' profitability and financing in 1997

According to the preliminary figures of the Bundesbank's corporate balance sheet statistics, the profitability of west German enterprises in the producing, wholesale/retail trade and transport sectors improved distinctly in 1997. Following a fall in profitability in 1996, this improvement was an important step towards a normalisation of their earnings position. This overall trend, which was accompanied by substantial rationalisation efforts, was achieved predominantly by the manufacturing sector; by contrast, the construction sector – which is undergoing a drastic adjustment process – once again suffered a marked deterioration in its earnings-cost ratio. The recovery of enterprises' earnings led to a further consolidation of corporate financing, which currently presents a fairly healthy picture on the whole. However, significant differences were in evidence across the individual sectors. It must also be borne in mind that the upturn in investment which began last year was initially very muted and narrowly based. In particular, the volume of investment in 1997 was too small to have a stabilising effect on the employment situation. Only in the course of the current year have the stimuli for the labour market gained in significance – despite a deteriorating international setting – owing to a stronger underlying corporate situation and a sustained improvement in earnings.

Cyclical setting

Economic recovery

In 1997 the German economy resumed its medium-term course of growth. Against the backdrop of surplus macroeconomic capacities and a moderate wage rate policy pursued by both sides of industry, the upswing developed amid a price climate that was essentially placid. The conditions in the financial markets were exceptionally favourable for investors. The improvement in the locational factors continued, albeit rather slowly.

Accelerated growth in western Germany …

In western Germany, real gross domestic product grew distinctly faster in 1997, at just under 2 ½ %, than in the previous year (1 %); furthermore, for the first time since German reunification, growth was stronger in western Germany than in eastern Germany, where the catching-up process did not continue in 1997. The main impetus was once again provided by exports. However, the export boom and the concurrent steep increase in capacity utilisation were not reflected in enterprises' investment activities in 1997; on the whole, the propensity to invest in the domestic capital stock fell distinctly short of the level observed in previous upswings. The fiscal stance of the public authorities in 1997 was chiefly characterised by their efforts to meet the Maastricht criteria. Private consumption, in real terms, barely exceeded the 1996 level. The prime cause of the restrained consumption was the large number of redundancies, leading to substantial shortfalls in income; the heavy burden on households in the form of taxes and social security contributions likewise hampered a recovery in consumer spending.

… with marked sectoral disparities persisting

The individual economic sectors encapsulated in the corporate balance sheet statistics for western Germany participated in the overall economic upswing to very different degrees. Manufacturing was at the centre of the cyclical recovery; its expansion of production in turn provided the transport and wholesale trade sectors with expansionary stimuli. By contrast, construction and, to a lesser extent, retail trade saw their level of business activity decline. At just under 2 ½ %, the aggregate increase in the real gross value added by the sectors which are analysed in greater detail below matched that in west German GDP; however, it was distinctly smaller than the rise in economic output registered by the services sector (+ 4 %), which is very poorly represented in the Bundesbank's source material. However, the disparities in growth between those economic sectors that were included in the statistics and those that were not was much narrower than in previous years. Consequently, the results derived from the corporate balance sheet statistics probably capture west German enterprises' profitability and financing more accurately overall than in the past period of slackening growth, which affected the producing sector particularly severely.

Manufacturing

The thriving export momentum in 1997 principally benefited west German manufacturing enterprises, which are closely integrated into the international division of labour; they recorded a 14 ½ % increase in foreign orders (and a 12 ½ % increase in export turnover) on the year. There was a particularly strong demand for intermediate and capital goods. However, manufacturing output as a whole, which had stagnated in 1996, went up by "only" just over 3 ½ %, owing to the relatively weak domestic demand for industrial products. The difference in growth between the foreign and the domestic markets also led to considerable disparities in business trends between more export-oriented branches of industry and those that are geared more to the domestic markets.

Construction

In the west German construction sector (building trade plus finishing and installation trades) the adjustment crisis persisted in 1997; output in the building trade, which was particularly strongly affected, declined by almost 4 %. Public building projects were cut back quite strongly, mainly because of the strict budgetary restraint exercised by public authorities. The renewed decline in industrial and commercial construction investment was presumably attributable, among other factors, to the considerable stocks of unlet office and administrative properties. In spite of favourable terms of financing, west German residential construction, too, recorded a decrease for the third consecutive year. Real investment in this sector declined by 1% in 1997, and the number of completed dwellings fell by no less than 6 % compared with 1996. Rented housing construction was particularly affected by the decreasing demand for residential buildings, while the construction of owner-occupied houses had a rather stabilising effect. It may be assumed that smaller construction firms, whose focus of business activity traditionally has been the construction of owner-occupied houses, tended to benefit from this shift of emphasis between these two categories of residential construction.

Wholesale/retail trade

The real gross value added by the west German wholesale/retail trade sector, which had stagnated in 1996, went up by 1½ % last year. The revival of business activity was generated exclusively by the wholesale trade, whose economic output increased last year by 2 % – after having declined by just under 1% in 1996 – in the wake of the sharp upturn in manufacturing. The momentum in this sector continued to be hampered by the weak construction industry, which principally manifested itself in a declining demand for construction materials. Measured at constant prices, the value added by the retail trade grew by only 1% in 1997, which was even slower than before. As in previous years, turnover was unable to keep pace with the general trend in private consumption, particularly as consumption patterns continued to shift towards goods that traditionally have not been sold through retail outlets.

Profitability

Overall trend in profitability before taxes on income and ...

The economic upturn in 1997 contributed significantly to the improvement in profitability of the economic sectors under review.[1]

1 The following analysis encompasses some 13,800 sets of annual accounts, which equates to one-quarter of the total balance sheet data normally to be expected for one financial year. For the purposes of analysis, the expanded results for 1996, updated on the basis of the Federal Statistical Office's turnover tax statistics, were extrapolated on the basis of the trend in a likewise expanded cylindered sample of enterprises, so as to obtain figures which are comparable with those of 1996. Past experience shows that this method of calculation reflects the major changes quite well, although it cannot equal the accuracy of the final expansion, which is based on about 55,000 sets of annual accounts. For further details, see the article "The methodological basis of the Deutsche Bundesbank's corporate balance sheet statistics" in this Monthly Report, p. 49 ff.

Enterprises' profit and loss account *

Item	1995	1996	1997	1996	1997
	DM billion			Change from previous year in %	
Income					
Turnover	5,168.8	5,184.7	5,368.5	0.3	3.5
Change in stocks of own products [1]	28.5	20.2	15	– 29.2	– 25.5
Total output	5,197.4	5,204.9	5,383.5	0.1	3.5
Interest received	32.4	30.3	30	– 6.7	– 1
Other income	227.5	223.9	239.5	– 1.6	7
of which					
from participating interests	23.8	23.8	27	0.1	13.5
from profit and loss transfers	30.2	26.8	30	– 11.2	12
Total income	5,457.3	5,459.0	5,653	0.0	3.5
Cost					
Cost of materials	3,232.6	3,259.6	3,388.5	0.8	4
Labour cost [2]	997.8	987.2	989	– 1.1	0
Depreciation	195.2	190.6	189.5	– 2.3	– 0.5
of tangible fixed assets	173.6	167.8	168	– 3.3	0
Other [3]	21.6	22.8	21.5	5.8	– 6
Interest paid	74.5	69.5	68	– 6.8	– 2
Taxes	164.4	167.2	181	1.7	8.5
on income and earnings [4]	47.5	47.5	56.5	0.1	19
Other [5]	117.0	119.7	124.5	2.3	4
of which					
Excise taxes	103.3	107.6	115	4.1	7
Other cost	712.4	711.0	740.5	– 0.2	4
of which					
Profit and loss transfers	38.3	35.1	39	– 8.2	11
Total cost	5,376.9	5,385.1	5,556.5	0.2	3
Profit for the year	80.4	73.9	96.5	– 8.0	30.5
Memo item					
Annual result [6]	88.5	82.3	105.5	– 7.0	28
Annual result before taxes on income [7]	135.9	129.8	162	– 4.5	25
Net interest paid	42.1	39.2	38	– 6.9	– 3
	as % of turnover			Change from previous year in percentage points	
Gross income [8]	38.0	37.5	37	– 0.5	– 0.5
Annual result [6]	1.7	1.6	2	– 0.1	0.5
Annual result before taxes on income [7]	2.6	2.5	3	– 0.2	0.5
Net interest paid	0.8	0.8	0.5	– 0.1	– 0.5

* Expanded figures. 1997: estimated figures, rounded to the nearest half or full DM billion or percentage point. — 1 Including other capitalised production. — 2 Wages, salaries, social security contributions and voluntary social security expenditure. — 3 Predominantly write-downs of debtors, investments and participating interests. — 4 In the case of partnerships and sole proprietorships trade earnings tax only. — 5 Including trade capital tax. — 6 Profit for the year before transfers. — 7 Taxes on income and earnings. — 8 Total output less cost of materials.

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According to preliminary calculations, the annual result before taxes on income[2] was around one-quarter above the 1996 level of earnings which, however, had been considerably depressed by the sluggish overall economic growth in that year (this puts into perspective the growth rate, which seems to be rather steep at first sight[3]); adjusted for changes resulting from the adoption of a new system of classification for the economic sectors, the annual result before taxes on income was 5 ½ % below the peak level of 1991 in terms of amount. In real terms, however, the shortfall was probably much larger. This is substantiated by gross return on turnover (a more informative indicator in this respect), which is the ratio of the enterprises' annual result before taxes on income to their turnover; although this ratio went up from 2 ½ % in 1996 to 3 % in 1997, it was still ½ percentage point below the average of the years from 1987 to 1991.

... after taxes on income

The year-on-year increase in the annual result after taxes on income in 1997, at 28 %, was even greater than the corresponding pre-tax figure, since the tax authorities' share of the profit as disclosed for tax liability purposes declined, although the prevailing tax rates re-

2 The annual result corresponds to the profit/loss for the year before transfers and provides a better indication of the profits generated by the enterprises analysed in this article, since numerous enterprises are associated through profit transfer agreements (and partial profit transfer agreements) with enterprises which are not recorded in the corporate balance sheet statistics (e. g. affiliated enterprises) to which their profits/losses are transferred.
3 Moreover, it should be remembered that, considered arithmetically, a higher percentage improvement in enterprises' profits is necessary in order to offset a preceding shortfall in earnings. For example, following a 20 % fall, a 25 % rise is needed in order to regain the initial level.

main relatively high. The respective net return on turnover increased by ½ percentage point to 2 %, thus coming closer to its annual average level in the period from 1987 to 1991 (2 ¼ %) than the pre-tax figure. This reflects the downward trend in the average tax burden on earnings – as captured in the corporate balance sheet statistics – during the period from 1990 to 1997. Among the various changes in tax legislation, the lowering of corporation tax rates, which came into effect on January 1, 1994, deserves particular mention.

More uniform trend across size categories

Smaller and larger enterprises benefited approximately to the same extent from the positive trend in profitability during the year under review. Measured by gross return on turnover, however, the small and medium-sized enterprises fell distinctly short of the performance of the large enterprises. In this respect, the lingering effects of the previous year played a role in that the small and medium-sized enterprises, which are geared more to the domestic markets, had recorded diminishing profits in 1996, while the large enterprises in Germany had raised their profit levels markedly at that time, not least because they tend to be more export-oriented. Furthermore, it appears that for a time the large enterprises had a certain lead in implementing their restructuring programmes, a gap which is likely to have been narrowed perceptibly in the meantime as the small and medium-sized enterprises began to catch up.

Sharp increase in the profits of manufacturing firms

The improvement in west German enterprises' profitability in 1997 was concentrated on the manufacturing sector. The enterprises in that sector, which generated just under 45 % of the total turnover recorded in the corporate balance sheet statistics, increased the gross amount of their profits by over four-tenths. Thus the 1997 profit was 2 ½ % up on the previous peak in 1990 and almost twice as high as the 1993 result (which, however, had been particularly low owing to recessionary factors). At just over 4 %, the gross return on turnover achieved by manufacturing firms roughly reached the comparable average figure during the period from 1987 to 1991. The after-tax ratio, at just under 3 %, was slightly above its corresponding level in that period. However, the individual industries participated to vastly differing extents in the positive trend in profits in the manufacturing sector. For example, capital goods producers, particularly manufacturers of machinery and equipment and of motor vehicles, as well as the chemicals and chemical products industry recorded above-average increases in profits, whereas construction-related industries again performed relatively poorly owing to the sluggish level of construction activity. Suppliers of construction materials, for example, barely matched their already low 1996 result amid falling turnover levels. Various consumer goods industries were likewise unable to participate in the upward trend in profits.

Mixed profit trends in the other sectors

Besides manufacturing, only the transport sector improved its annual result distinctly, albeit from a very low level. Following two years of decreasing profits, west German wholesale trade enterprises were at least able to achieve a turn for the better in 1997. With the annual result improving by around one-tenth, though, they made good less than half of the previous downturn; the ratio of gross profit to turnover was correspondingly low (1½ %). Most of the other sectors recorded only a relatively moderate increase in profits. For example, profitability in retail trade, which has a similarly low return on turnover as the wholesale trade, improved only slightly vis-à-vis 1996. In a longer-term comparison, its performance was once again rather poor.

The construction sector actually experienced a further severe slump in profits. The 1997 annual result before taxes on income deteriorated for the fifth time running against the background of persistently contracting construction activity; it thus dropped by 80 % compared with the boom in 1992 and, in relation to turnover, by slightly more than 3 percentage points to less than 1%. Measured by return on turnover, the construction sector, along with the transport sector – which is still recording rather poor profits – is at the bottom of the table of the sectors considered in this article.

It was the electricity, gas and water supply enterprises that were once again at the top end of the profitability range in 1997, even though the year-on-year rise in their annual result before taxes on income was rather moderate. Gross return on turnover was around 9 % – mainly owing to radical rationalisation measures in the preceding years and the diversification into other areas of business – and was consequently around 3 ½ percentage points above the average of the years from 1987 to 1991.

Income and cost in detail

Total output

The improvement in enterprises' earnings in 1997 was largely attributable to the upturn in business activity. The total output of the enterprises under review, comprising turnover plus changes in stocks of own products and other capitalised production, rose by 3 ½ %, after having stagnated in 1996. As in the case of the trend in the annual result, the individual sectors provided a very mixed picture. Manufacturing enterprises headed the field with an expansion of total output by 5 ½ %, followed by the wholesale trade and transport sectors (4 %), which also benefited from the cyclical upswing. Business activity increased far more slowly in the electricity, gas and water supply sector (2 %) – which normally exhibits relatively small cyclical fluctuations – and in retail trade (1½ %). Construction enterprises once again suffered falls in turnover. Their total output was 4 ½ % down on the year and around one-tenth below the 1994 level.

Interest received, other income and total income

Enterprises' interest income continued its downward slide in 1997, albeit at a distinctly slower pace than before. This was chiefly due to the persistent decline in yields in the money and capital markets. The average rate of credit interest earned by firms dropped below 4 %. However, this interest rate effect was cushioned by the fact that the stocks of interest-bearing debtors and investments increased by an average of 4 ½ % over the year. Other income, which includes such items as income from participating interests, income from the release of provisions, profit and loss transfers and extraordinary income, tended to increase perceptibly, thereby bolstering the positive basic trend in operating performance. Total income increased by 3 ½ %.

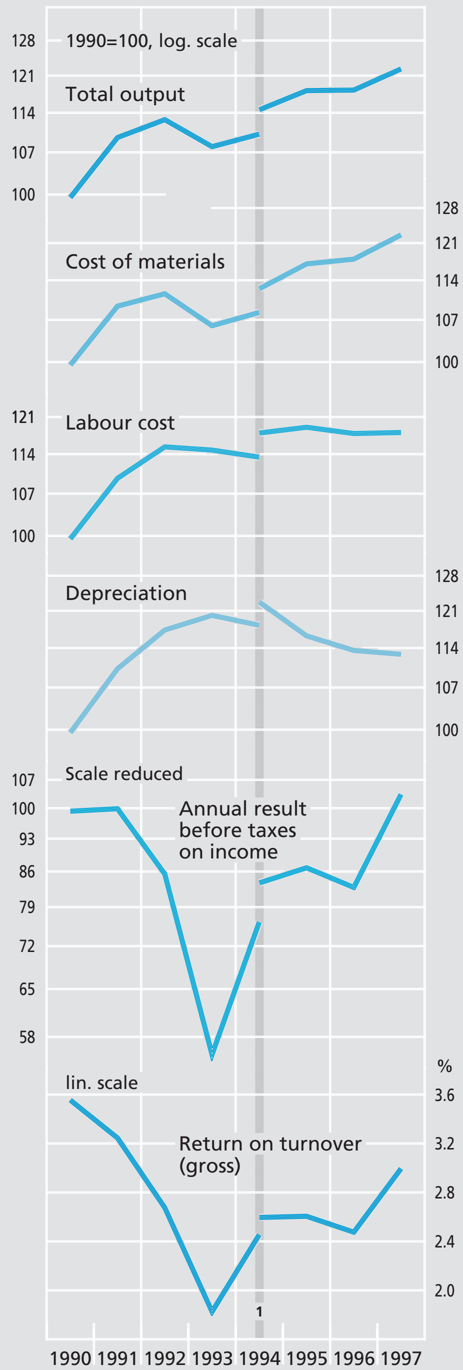
Total cost and cost of materials

By comparison, total cost rose somewhat more slowly in 1997, at slightly more than 3 %, thereby buttressing the increase in earnings on the cost side. The cost of materials again went up at an above-average rate, exceeding its 1996 level by 4 %; its percentage of total output, which is the most important component in the input ratio, reached a new peak for the nineties of 63 %. The growing weight of material costs and expenditure on goods was especially evident in the producing sector. In construction, in particular, outsourcing was very pronounced. This primarily reflects the persisting efforts of enterprises increasingly to adopt processes geared to "lean production" and, in the construction sector, to employ sub-contractors on a growing scale.

Labour cost

The fact that labour cost continued to decline as a percentage of total output is consistent with this pattern; at 18 ½ %, it was 1 percentage point below the 1994 level. In addition, enterprises initiated massive rationalisation efforts – in part in response to exaggerated wage increases and the loss in price competitiveness in foreign markets in the wake of sharp appreciations of the D-Mark in the first half of the nineties. Although these unsound developments have been corrected in the meantime, the decline in employment in the sectors considered in this article nevertheless continued in 1997 as an "aftermath" of those developments. According to the data provided by the official statistics, the number

Selected indicators from the profit and loss accounts of west German enterprises



1 Statistical break caused by the change-over to the new system of classifying the economic sectors.

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of jobs for wage and salary earners declined by 3 % in the west German producing sector, by almost 3½ % in transport (including railways and communication), and by ½ % in wholesale/retail trade. Given the ongoing shedding of jobs and the bleak situation in the labour market, labour cost per employee again increased at a rather moderate rate in the year under review. This owed much to the fact that the rises in negotiated wage rates (on an hourly basis) were modest. In most of the industries examined they amounted to between 1% and 2 %; in the metal-working and electrical engineering industry they were somewhat higher, at 2¼ %, whereas in construction the level of negotiated wage rates actually declined slightly, mainly owing to cutbacks in special payments. Admittedly, this contrasted with perceptible increases in the contribution rates to the pension insurance and the nursing care insurance schemes, half of which must be borne by employers; however, on the whole enterprises' labour cost remained approximately at the 1996 level.

Depreciation

Moreover – as in 1995 and 1996 – lower depreciation cost (–½ %) afforded relief to enterprises' profit and loss accounts. The figure for the depreciation of tangible fixed assets, which accounts for just under nine-tenths of total depreciation, stagnated at the level of the previous year. This mainly reflects the prolonged restraint in the previous years in expenditure on tangible fixed assets, which is quite closely linked to depreciation cost owing to the commonly used declining-balance method of depreciation. In addition, the cost of special depreciation dropped sharply, which is probably due in part to the curtailment of tax relief on industrial investments in eastern Germany, where numerous west German enterprises have acquired or established operating plants.

Other depreciation, which primarily comprises losses on debtors and write-downs of investments and participating interests, decreased by 6 %. At first sight, this is surprising as the number of insolvencies rose further in 1997 (by 7 %) from an already high level. However, this purely numerical trend observed in the year under review does not accurately indicate the associated losses on debtors; according to the official insolvency statistics, the total amount of debtors that was expected to be affected by insolvencies in western Germany was 15 % smaller than before. This is attributed to the fact that such debtors – the bulk of which probably have to be written off – had increased by 30 % in 1996, owing to the collapse of some large enterprises.[4]

Interest paid

The amount of interest paid also declined in 1997, albeit at a somewhat lower rate (2 %) than in the two preceding years. Analogously to the rate of credit interest, the average debit interest rate payable by enterprises fell by almost ½ percentage point to just under 5½ % while the stock of creditors incurring interest grew by 2½ % on average over the year. As interest paid decreased more sharply than interest received, not only in relation to its original level but also in terms of the actual

4 See: Angele, J., *Insolvenzen 1997,* Federal Statistical Office, *Wirtschaft und Statistik,* 1998, Vol. 4, p. 318.

amount, the net interest paid decreased by 3 %.

Tax burden

Of the major cost items, not only the cost of materials but also expenditure on taxes rose sharply, increasing by a total of 8½ %. This was due mainly to markedly higher expenditure on taxes on income and earnings, which exceeded the 1996 level by 19 %. This rise is modified, though, when it is compared with the even sharper increase in the gross annual result. Relativised in this way, the burden of direct taxes was alleviated somewhat. One of the chief reasons for this may have been that enterprises exploited losses brought forward on an even greater scale. Another reason is that the abolition of wealth tax with effect from January 1, 1997 probably reduced expenditure on tax. An additional factor was that incorporated enterprises were able for the last time to reduce their tax burden by earmarking retained profits, which had been taxed at the rate of 50 % that was charged up to the end of 1993, for distribution in 1998.[5] Other taxes, which include trade capital tax, tax on land and buildings and excise taxes, exceeded their 1996 level by 4 %.

Sources and uses of funds

Substantial rise in financial flows

The total sources of funds (and correspondingly the uses of funds),[6] generated both internally and externally and serving to finance new fixed or current assets, expanded by 21½ % in 1997. The impact of the improved profitability of west German enterprises was reflected here, for one thing, by the growth of internally generated financial resources, which had declined sharply in 1996 (thereby also depressing the total sources of funds). However, this positive reversal was caused solely by higher transfers to provisions, whereas depreciation allowances, which make up over nine-tenths of the internally generated financial resources, decreased for the above-mentioned reasons and retained profits (including contributions to the capital of unincorporated enterprises) were again augmented on a small scale only. For another thing, the injection of external capital was much greater than in 1996. Four-fifths of the increase in the total sources of funds was generated through external resources. This could be interpreted as indicating that the "internal" financial strength of enterprises has not been fully restored or is not yet broadly based. On the whole, however, there is good reason to believe that a fundamental change in the pattern of corporate financing is occurring which was sparked off by the greater importance that is now being attached to the concept of shareholder value. In the case of listed companies, this is manifesting itself in less conservative accounting practices and in a greater emphasis on distributing profits rather than ploughing them back, although in this context the special divi-

5 The easing of the tax payment burden for enterprises results from the fact that disbursed profits are now subject to a corporation tax rate of only 30 %, compared with 36 % up to the end of 1993. The tax-reducing difference of 20 percentage points as opposed to the rate chargeable on retained profits was reimbursed to enterprises or offset against tax payable. Many enterprises made extensive use of this facility only at the end of the above-mentioned period. The tax-reducing effect is limited, however, to the year in which the retained profits taxed at 50 % are distributed.
6 The figures for these items, derived from the estimates for the expansion, are subject to greater uncertainty than those for the balance sheet and the profit and loss account.

Sources and uses of enterprises' funds *

DM billion

Item	1996	1997	Change 1996-7
Internal funds			
Capital increases from profits and contributions to the capital of unincorporated enterprises 1	5.3	2.5	– 3
Depreciation allowances (total) 2	190.6	189.5	– 1
Increase in provisions 3	– 2.2	11	13
Total	193.7	203	9.5
External funds			
Capital increases of incorporated enterprises 4	1.5	15	13.5
Change in creditors	25.8	50.5	24.5
Short-term	19.3	43	23.5
Long-term	6.4	8	1.5
Total	27.3	65.5	38
Sources of funds, total	221.0	268.5	47.5
Formation of tangible assets and stocks (gross asset formation)			
Increase in tangible fixed assets (gross) 5	157.2	168	11
Memo item			
Increase in tangible fixed assets (net) 5	– 10.6	0	10.5
Depreciation of tangible fixed assets	167.8	168	0
Change in stocks 6	– 4.1	8	12
Total	153.1	175.5	22.5
Acquisition of financial assets			
Change in cash 7	3.7	– 1.5	– 5
Change in debtors	34.3	58	23.5
Short-term	27.5	56	28.5
Long-term	6.8	2	– 5
Acquisition of investments	0.9	9	8
Acquisition of participating interests	28.9	27.5	– 1.5
Total	67.9	93	25
Uses of funds, total	221.0	268.5	47.5
Memo item			
Internal funds as % of gross asset formation	126.5	115.5	.

* Expanded figures. 1997: estimated figures, rounded to the nearest half or full DM billion. — 1 Partnerships, sole proprietorships and other legal forms, other than public or private limited companies. — 2 For fixed and current assets. — 3 Including balance of prepayments and deferred income less write-ups of tangible fixed assets. — 4 Funds raised by public and private limited companies by issuing shares and transfers to capital reserves. — 5 Including intangible assets less write-ups of tangible fixed assets. — 6 Including changes in contracts in progress. — 7 Notes and coins and bank balances.

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dends paid out for tax purposes also played a role for a time.

Injection of external equity capital

A major contribution to the higher amount of externally generated financial resources was made by the sharp rise in capital injections into the incorporated enterprises considered in this article. At first sight, this does not seem consistent with the results obtained from the capital market statistics; however, they also contain the capital increases of enterprises in the services sector and of group and holding companies in the sectors presented in this article. In fact, according to those statistics, the issue of new shares in Germany (measured at market value) fell by around one-third in 1997 compared with 1996. In this comparison, though, it should be remembered that the 1996 issue volume was greatly affected by one extremely large flotation. Excluding that special effect, total sales of shares in Germany would have increased by more than one-half in 1997 in relation to the previous year.

Higher level of borrowing

Above all, enterprises raised considerable funds through an expansion of new borrowing, which was roughly twice as high as in 1996. Short-term creditors accounted for the bulk of this; classified by sectors, these changes were concentrated on manufacturing and wholesale trade, whereas construction enterprises again redeemed short-term debt on balance. The close link between demand for short-term borrowed funds and current business activity also manifested itself in the fact that trade creditors and bank loans, which perform a similar function in short-term financing, expanded particularly sharply. In the long-term range, by contrast, the need for additional funds hardly exceeded the level of the year before, which may owe something to the fact that the internally generated resources were in many cases sufficient to finance investments in operating plant.

Investment in tangible fixed assets and stocks

Expenditure on new machinery and equipment and buildings of the enterprises considered in this article rose in 1997 for the first time in quite a while. Although this increase, at 7 %, was rather modest in comparison with previous upswings, it must be borne in mind that the rise in capital formation was approximately the same in terms of volume as in terms of value, owing to broadly stable prices for capital goods. Overall, the scale of gross fixed asset formation corresponded to that of recorded depreciation, permitting enterprises at least to maintain the size of their capital stock after it had continuously declined from 1993 to 1996. The higher production and turnover also resulted in an increase in stocks in 1997, primarily in the manufacturing sector and in wholesale trade.

Investment in financial assets

Enterprises' formation of financial assets expanded by just under four-tenths in 1997; consequently, this item absorbed around 35 % of the total sources of funds, compared with 30½ % in 1996 and one-quarter in 1995. However, in 1997 – unlike previous years – the higher volume of financial resources did not serve to acquire participating interests – which persisted at a high level – but instead to expand debtors and investments. As in the case of creditors, the increase was concentrated on the short-term range and here, in turn, on trade debtors and debtors in respect of participating interests. It should be borne in mind that the short-term debtors owed by affiliated enterprises also comprise financial claims arising from trade debtors. Seen from that angle, it is not surprising that the respective stocks increased quite vigorously, especially in manufacturing. By contrast, fewer funds than in 1996 were used for the formation of long-term debtors. The purchase of investments, which played virtually no role at all in 1996, accounted for one-third of the resources additionally available for financial asset formation in 1997. A major factor in this respect may have been that enterprises temporarily lodged internally generated funds that were not yet required for investments in tangible fixed assets or participating interests in attractive investment vehicles.

Balance sheet trends and key balance sheet ratios

Balance sheet total

The considerable expansion of business activity and financial flows in 1997 also left its mark on west German enterprises' balance sheets. The adjusted balance sheet total[7] increased somewhat more strongly in 1997 (by just over 2½ %), compared with 1% in each of the two preceding years. The close link between the trend in balance sheet growth and the expansion of business activity is also evident at the level of the individual sectors. The

7 As part of the Bundesbank's evaluation of the annual accounts, enterprises' own funds are adjusted above all for subscribed capital unpaid, own shares held and loans to partners and proprietors.

Enterprises' balance sheet *

Item	1995	1996	1997	1996	1997
	DM billion			Change from previous year in %	
Assets					
Non-financial assets	1,515.5	1,502.6	1,511	– 0.9	0.5
Tangible fixed assets 1	766.4	757.6	758	– 1.1	0
Stocks 2	749.1	745.0	753	– 0.6	1
Financial assets	1,562.3	1,607.3	1,678.5	2.9	4.5
Cash 3	157.6	161.3	159.5	2.3	– 1
Debtors	982.2	1,003.5	1,049	2.2	4.5
Short-term	906.5	920.9	964.5	1.6	4.5
Long-term	75.8	82.6	84.5	9.0	2.5
Investments	90.7	89.4	97	– 1.5	8.5
Participating interests	331.7	353.2	373	6.5	5.5
Prepayments	13.5	13.0	13	– 3.4	0
Total assets = balance sheet total 4	3,091.2	3,122.9	3,202.5	1.0	2.5
Liabilities					
Own funds 4, 5	552.1	559.0	576	1.2	3
Borrowed funds	2,528.8	2,553.3	2,615.5	1.0	2.5
Creditors	1,847.8	1,873.6	1,924.5	1.4	2.5
Short-term	1,392.0	1,411.3	1,454	1.4	3
Long-term	455.8	462.3	470.5	1.4	2
Provisions 5	680.9	679.7	691	– 0.2	1.5
of which Provisions for pensions	274.5	279.0	287.5	1.7	3
Deferred income	10.3	10.6	11	2.9	3.5
Total liabilities = balance sheet total 4	3,091.2	3,122.9	3,202.5	1.0	2.5
Memo items					
Turnover	5,168.8	5,184.7	5,368.5	0.3	3.5
do. as % of balance sheet total	167.2	166.0	168	.	.

* Expanded figures. 1997: estimated figures, rounded to the nearest half or full DM billion or percentage point. — 1 Including intangible assets. — 2 Including contracts in progress. — 3 Notes and coins and bank balances. — 4 Less adjustments to capital accounts. — 5 Including pro rata share of special reserves.

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sharpest rise in assets and liabilities was exhibited in manufacturing and wholesale trade where growth rates were between 4 % and 5 %. In most of the other sectors the balance sheet total expanded far more moderately or even contracted, as was the case in construction.

Assets side of the balance sheet

Looking at the assets side, the decisive factor for the stronger expansion of the balance sheet was the more dynamic trend in financial assets in 1997 compared with 1996 which was fuelled by the growth in debtors and investments. Participating interests grew vigorously, too (+ 5½ %), albeit on a far smaller scale than on average from 1989 to 1996 (+ 11½ % per year). Non-financial assets, which had stagnated in 1995 and decreased in 1996, increased during the year under review by ½ %. However, this was far slower than the pace of expansion of financial assets, leading to a further reduction in the weight of tangible fixed assets and stocks in the balance sheet total. This structural shift was particularly pronounced in manufacturing – where external corporate growth is gaining increasing importance with the spread of globalisation – and in transport, whereas in the other sectors the respective weights either remained stable or shifted in favour of non-financial assets, as was the case in retail trade.

Provision with own funds

To finance the relatively sharp growth in assets in 1997, own funds were expanded by 3 % and borrowed funds by 2 ½ %. The (vertical) own funds ratio remained virtually unchanged and, at 18 %, was more or less at its 1992 level. In the individual economic sectors, however, the corresponding ratios showed different trends, with the pattern of divergence which was frequently observed in the other items and indicators recurring: thus a slight improvement in the provision with own funds in the manufacturing sector contrasted with a deterioration in construction; the own funds ratio likewise declined in the retail sector.

Liabilities and financial structures

Long-term liabilities exceeded fixed assets by 9 % in 1997; all in all this indicates a pattern of long-term financing that is maturity-oriented and thus fundamentally very sound. The liquidity position, i. e. the short-term financial situation, was likewise satisfactory; this is evidenced, for example, by the quite high coverage of short-term creditors by liquid funds and short-term debtors, which improved by a further ½ percentage point in 1997 to 82 %. Looked at in respect of creditworthiness, a further positive aspect is that the ratio of internally generated funds (cash flow) to borrowed funds increased slightly to 12 ½ % and thereby regained the 1995 level.

Trend in profitability and investment

Thanks to the perceptible cyclical upswing and the easing of the cost situation, west German enterprises' profitability and financing developed positively in 1997. Key profitability and financing ratios came quite close to matching the comparable figures reached at the beginning of the nineties. This is also likely to have boosted the underlying strength of many enterprises – an invaluable asset in an unfavourable global economic setting. West German enterprises' propensity to invest in new tangible fixed assets likewise increased in 1997; however, unlike in the late

Ratios relating to enterprises' assets and liabilities structure *

Item	1995	1996	1997
	as % of balance sheet total 1		
Tangible fixed assets 2	24.8	24.3	23.5
Stocks 3	24.2	23.9	23.5
Short-term debtors	29.3	29.5	30
Long-term liabilities 4	42.2	42.3	42.5
of which Own funds 1	17.9	17.9	18
Short-term creditors	45.0	45.2	45.5
	as % of tangible fixed assets 2		
Own funds 1	72.0	73.8	76
Long-term liabilities 4	170.1	174.3	178.5
	as % of fixed assets 5		
Long-term liabilities 4	109.4	108.7	109
	as % of short-term creditors		
Liquid funds 6 and short-term debtors	81.7	81.4	82
	as % of borrowed funds 7		
Internally generated funds 8	12.3	11.3	12.5

* Expanded figures, 1997: estimated figures, rounded to the nearest half or full percentage point. — **1** Less adjustments to capital accounts. — **2** Including intangible assets. — **3** Including contracts in progress. — **4** Own funds, provisions for pensions, long-term creditors and special reserves. — **5** Tangible fixed assets including intangible assets, participating interests, long-term debtors and investments held as fixed assets. — **6** Cash and investments held as current assets. — **7** Creditors, provisions and pro rata share of special reserves less cash. — **8** Annual result, depreciation allowances, changes in provisions, in special reserves and in prepayments and deferred income less write-ups of tangible fixed assets.

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eighties and early nineties, gross fixed asset formation did not exceed the consumption of fixed assets over the same period. This could be a sign that the linkage between profits generated, on the one hand, and investments in Germany, on the other, is now being assessed even more critically than before in respect of whether such investments are appropriate and sustainable – not least in the light of the improved choice of good investment locations worldwide. Nevertheless, given the changed global environment it can be deemed a success that enterprises which are most exposed to international competition consider it profitable to maintain their production capacities in Germany at the technological state of the art and to safeguard jobs in this country in the medium and long term.

The tables accompanying this article appear on the following pages.

West German enterprises' balance sheet and profit and loss account, by economic sector *

DM billion

Item	All enterprises [1]		Manufacturing		of which: Manufacture of food products and beverages		Manufacture of textiles		Manufacture of textile products		Manu- of wood wood ucts
	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
I. Balance sheet											
Assets											
Tangible fixed assets [3]	766.4	757.6	346.0	346.1	46.8	49.2	5.9	5.4	1.8	1.8	9.3
Stocks [4]	749.1	745.0	317.2	316.6	25.1	25.1	7.1	6.6	4.9	4.7	8.1
of which											
Raw materials and consumables	105.4	101.9	80.2	77.6	7.2	7.5	1.8	1.9	1.4	1.3	2.4
Work in progress	119.9	116.1	84.9	84.5	2.4	2.1	1.5	1.5	0.6	0.6	1.3
Finished goods, goods for resale	389.3	392.0	121.5	121.6	15.4	15.4	3.7	3.2	2.8	2.7	3.7
Non-financial assets	1,515.5	1,502.6	663.3	662.7	72.0	74.3	13.0	12.0	6.7	6.5	17.4
Cash [5]	157.6	161.3	75.9	73.4	5.2	4.6	1.0	0.9	0.8	0.7	1.1
Debtors	982.2	1,003.5	461.4	473.1	40.7	41.7	7.5	7.2	4.6	4.4	6.6
Short-term	906.5	920.9	426.6	434.5	35.7	36.5	6.9	6.5	4.4	4.1	6.0
of which											
Trade debtors	474.3	467.4	202.5	200.4	19.1	18.9	4.2	4.1	2.6	2.4	4.3
Long-term	75.8	82.6	34.7	38.6	5.0	5.3	0.6	0.7	0.2	0.3	0.6
Investments	90.7	89.4	44.1	41.4	1.4	1.3	0.2	0.2	0.0	0.0	0.1
Participating interests	331.7	353.2	225.5	239.6	13.0	14.0	1.6	1.3	0.6	0.8	0.7
Financial assets	1,562.3	1,607.3	806.9	827.5	60.3	61.6	10.3	9.6	6.0	5.8	8.5
Prepayments	13.5	13.0	3.8	3.9	0.4	0.4	0.1	0.1	0.0	0.0	0.1
Balance sheet total [6]	3,091.2	3,122.9	1,474.0	1,494.2	132.6	136.4	23.3	21.7	12.8	12.3	26.1
Liabilities											
Own funds [7, 8]	552.1	559.0	349.2	354.4	24.9	27.9	4.8	4.6	2.3	2.3	2.9
Creditors	1,847.8	1,873.6	722.7	738.5	85.8	86.8	15.0	13.6	9.0	8.7	20.8
Short-term	1,392.0	1,411.3	548.5	563.4	57.3	59.5	10.6	9.2	6.8	6.4	12.8
of which											
to credit institutions	278.0	279.8	98.2	96.5	13.5	13.6	2.9	2.5	2.2	1.9	3.9
Trade creditors	419.4	422.6	146.8	146.5	22.8	23.6	3.4	3.2	2.3	2.3	4.5
Long-term	455.8	462.3	174.2	175.0	28.5	27.3	4.4	4.4	2.2	2.3	8.0
of which											
to credit institutions	282.7	286.5	100.8	100.7	20.6	20.2	2.6	2.5	1.0	1.1	6.0
Provisions [8]	680.9	679.7	399.9	398.8	21.9	21.5	3.6	3.4	1.5	1.3	2.3
of which											
Provisions for pensions	274.5	279.0	194.9	195.0	8.9	8.5	1.7	1.7	0.5	0.5	0.6
Borrowed funds	2,528.8	2,553.3	1,122.6	1,137.3	107.6	108.4	18.6	17.1	10.5	10.1	23.2
Deferred income	10.3	10.6	2.1	2.5	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Balance sheet total [6]	3,091.2	3,122.9	1,474.0	1,494.2	132.6	136.4	23.3	21.7	12.8	12.3	26.1
II. Profit and loss account											
Turnover	5,168.8	5,184.7	2,256.0	2,278.4	265.8	267.1	37.0	36.2	27.6	26.4	46.0
Change in stocks of own products [9]	28.5	20.2	13.3	6.3	– 0.1	0.1	0.1	– 0.2	– 0.1	0.0	0.5
Total output	5,197.4	5,204.9	2,269.3	2,284.7	265.7	267.2	37.1	36.0	27.5	26.5	46.6
Interest received	32.4	30.3	16.7	15.4	1.0	1.0	0.2	0.2	0.1	0.1	0.1
Other income	227.5	223.9	121.8	116.0	10.3	10.3	1.8	1.9	0.8	0.9	1.4
Total income	5,457.3	5,459.0	2,407.8	2,416.1	276.9	278.5	39.1	38.1	28.5	27.4	48.1
Cost of materials	3,232.6	3,259.6	1,197.4	1,218.5	165.5	167.2	20.9	20.2	16.6	16.2	25.1
Labour cost [10]	997.8	987.2	548.2	544.0	37.8	37.2	9.8	9.4	5.5	5.1	11.8
Depreciation	195.2	190.6	101.5	97.4	11.8	11.9	1.7	1.6	0.5	0.5	2.2
of tangible fixed assets	173.6	167.8	90.3	87.6	10.9	10.8	1.5	1.4	0.4	0.4	2.0
Other [11]	21.6	22.8	11.3	9.9	1.0	1.1	0.2	0.3	0.1	0.1	0.3
Interest paid	74.5	69.5	30.3	27.9	3.8	3.5	0.7	0.6	0.4	0.4	1.1
Taxes	164.4	167.2	117.0	116.1	7.3	7.4	0.3	0.4	0.3	0.3	0.5
on income and earnings [12]	47.5	47.5	25.0	25.3	2.0	2.1	0.3	0.3	0.3	0.2	0.4
Other [13]	117.0	119.7	91.9	90.8	5.3	5.3	0.1	0.1	0.0	0.0	0.1
of which: Excise taxes	103.3	107.6	85.8	85.4	2.9	3.4	0.0	0.0	0.0	0.0	0.0
Other cost	712.4	711.0	369.4	371.3	46.3	46.2	5.4	5.4	4.6	4.4	6.5
Total cost	5,376.9	5,385.1	2,363.8	2,375.2	272.5	273.5	38.8	37.8	27.9	26.9	47.1
Profit for the year [14]	80.4	73.9	44.0	40.9	4.4	5.0	0.3	0.4	0.5	0.5	1.0
Annual result before taxes on income [15]	135.9	129.8	74.0	71.7	6.8	7.7	0.5	0.7	0.9	0.9	1.4

* Expanded figures for the former Federal territory including Berlin (west) on the basis of partly estimated turnover according to the turnover tax statistics of the Federal Statistical Office. — **1** Electricity, gas and water supply, mining, manufacturing, construction, wholesale and retail trade and transport. — **2** Including reproduction of recorded media. — **3** Including intangible assets — **4** Including contracts in progress — **5** Notes and coins and bank balances. — **6** Less adjustments to capital accounts — **7** Capital, reserves and profit

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facture and prod-	Manufacture of pulp, paper and paper products		Publishing and printing 2		Manufacture of chemicals and chemical prod-ucts		Manufacture of rubber and plastic products		Manufacture of other non-methallic mineral products		
1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	Item
											I. Balance sheet
											Assets
9.9	14.4	14.5	19.4	18.4	43.5	43.0	12.9	12.9	20.6	20.9	Tangible fixed assets 3
7.9	7.1	6.4	9.0	8.6	26.7	27.1	8.8	8.5	9.9	9.8	Stocks 4
											of which
2.4	2.9	2.5	2.3	1.9	7.3	7.2	2.8	2.6	2.5	2.5	Raw materials and consumables
1.2	1.0	0.8	2.3	2.0	3.9	4.1	1.5	1.4	1.5	1.4	Work in progress
3.6	3.1	3.0	4.1	4.5	15.4	15.8	4.2	4.2	5.1	5.3	Finished goods, goods for resale
17.8	21.5	20.9	28.4	26.9	70.3	70.2	21.8	21.4	30.5	30.7	Non-financial assets
1.1	1.6	1.7	4.2	3.7	8.7	8.1	1.8	2.0	4.6	3.5	Cash 5
6.8	8.8	9.2	24.9	24.7	53.1	57.6	13.9	13.7	14.1	14.4	Debtors
6.2	8.3	8.3	22.7	22.3	46.9	51.9	12.9	12.8	12.9	12.7	Short-term
											of which
4.3	4.7	4.8	12.3	11.8	18.1	18.8	7.0	7.2	6.0	5.8	Trade debtors
0.6	0.5	0.9	2.2	2.4	6.2	5.8	1.0	0.9	1.2	1.7	Long-term
0.1	0.4	0.5	1.0	1.5	7.2	5.3	0.2	0.2	0.5	0.5	Investments
0.7	3.0	4.1	4.9	5.2	71.8	81.1	3.7	3.6	8.8	9.9	Participating interests
8.7	13.8	15.5	35.0	35.1	140.8	152.1	19.6	19.5	27.9	28.3	Financial assets
0.2	0.1	0.1	0.4	0.4	0.2	0.4	0.1	0.1	0.1	0.1	Prepayments
26.6	35.4	36.4	63.8	62.4	211.3	222.6	41.5	41.1	58.5	59.1	Balance sheet total 6
											Liabilities
3.0	7.7	8.8	8.7	8.3	84.4	85.5	9.1	9.2	14.8	14.8	Own funds 7, 8
21.2	21.4	21.1	40.1	38.3	60.2	70.8	24.9	24.4	30.4	31.6	Creditors
13.0	12.8	12.6	28.2	26.2	47.7	58.3	17.7	16.9	20.6	21.5	Short-term
											of which
4.0	3.3	3.2	5.7	5.1	4.5	6.8	4.4	3.9	4.9	5.2	to credit institutions
4.5	3.9	3.9	8.6	8.5	11.0	11.5	4.5	4.2	4.9	4.6	Trade creditors
8.3	8.6	8.5	11.9	12.1	12.6	12.5	7.2	7.5	9.8	10.1	Long-term
											of which
6.2	5.4	4.8	7.9	7.8	4.4	4.0	4.5	4.9	5.9	5.9	to credit institutions
2.4	6.4	6.6	14.3	15.1	66.5	65.9	7.5	7.4	13.3	12.6	Provisions 8
											of which
0.7	3.1	3.4	8.0	8.6	40.2	40.2	3.4	3.2	5.8	5.4	Provisions for pensions
23.6	27.8	27.6	54.5	53.4	126.7	136.8	32.4	31.8	43.7	44.2	Borrowed funds
0.0	0.0	0.0	0.6	0.7	0.1	0.4	0.0	0.0	0.0	0.0	Deferred income
26.6	35.4	36.4	63.8	62.4	211.3	222.6	41.5	41.1	58.5	59.1	Balance sheet total 6
											II. Profit and loss account
43.8	57.1	54.7	110.4	112.2	219.3	213.8	74.3	72.8	76.8	71.6	Turnover
0.3	0.7	– 0.2	0.3	0.0	0.8	0.1	0.6	0.3	0.9	0.5	Change in stocks of own products 9
44.1	57.8	54.5	110.6	112.1	220.0	213.9	74.9	73.1	77.7	72.2	Total output
0.1	0.3	0.2	0.8	0.7	2.3	2.2	0.3	0.2	0.6	0.5	Interest received
1.4	2.2	2.3	6.7	5.8	15.3	18.2	3.1	3.1	4.4	4.3	Other income
45.6	60.2	57.0	118.1	118.6	237.5	234.3	78.4	76.4	82.7	76.9	Total income
23.4	32.2	28.7	43.9	44.9	106.0	104.6	38.7	36.9	34.4	31.8	Cost of materials
11.5	12.5	12.3	35.2	34.9	54.3	52.3	20.2	19.8	20.8	19.8	Labour cost 10
2.2	3.2	3.2	5.9	5.8	12.6	12.3	3.9	3.8	5.2	5.1	Depreciation
2.0	3.0	2.8	5.3	5.1	11.2	11.0	3.5	3.4	4.9	4.7	of tangible fixed assets
0.2	0.2	0.3	0.6	0.7	1.4	1.2	0.4	0.4	0.3	0.3	Other 11
1.0	1.1	1.0	2.0	1.9	2.7	2.7	1.2	1.0	1.3	1.3	Interest paid
0.4	0.5	0.6	1.4	1.5	6.0	5.2	0.9	1.0	1.8	1.3	Taxes
0.4	0.4	0.5	1.2	1.4	5.4	4.7	0.8	0.8	1.6	1.1	on income and earnings 12
0.1	0.1	0.1	0.2	0.2	0.6	0.5	0.1	0.1	0.2	0.2	Other 13
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	of which: Excise taxes
6.6	10.3	10.4	27.0	27.3	48.4	49.1	12.3	12.2	16.0	15.4	Other cost
45.2	59.9	56.2	115.5	116.3	230.0	226.1	77.1	74.7	79.6	74.7	Total cost
0.5	0.4	0.9	2.6	2.4	7.5	8.2	1.2	1.7	3.1	2.2	Profit for the year 14
0.8	1.1	1.8	4.4	4.8	15.2	14.6	2.4	2.8	5.4	4.0	Annual result before taxes on income 15

brought forward less adjustments to capital accounts. — **8** Including pro rata share of special reserves. — **9** Including other capitalised production. — **10** Wages, salaries, social security contributions and voluntary social security expenditure. — **11** Write-downs of current and financial assets — **12** In the case of partnerships and sole proprietorships trade earnings tax only. — **13** Including trade capital tax. — **14** Total income less total cost. — **15** Profit for the year before profit and loss transfers and before taxes on income and earnings.

West German enterprises' balance sheet and profit and loss account, by economic sector * (cont'd)

DM billion

Item	Manufacturing sector (cont'd); of which										
	Manufacture of basic metals		Manufacture of fabricated metal products		Manufacture of machinery and equipment n.e.c.		Manufacture of electrical machinery and apparatus n.e.c.		Manufacture of electrical and optical instruments		Manu- of vehicles, and trailers
	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
I. Balance sheet											
Assets											
Tangible fixed assets 3	18.6	19.4	29.8	29.4	32.6	31.3	20.1	20.9	6.7	6.8	38.5
Stocks 4	14.5	14.0	31.0	31.5	63.6	64.1	33.0	32.9	11.0	11.0	24.4
of which											
Raw materials and consumables	4.4	4.1	7.3	6.8	13.2	12.5	7.2	6.8	2.8	2.9	5.8
Work in progress	4.5	4.6	10.7	11.5	27.5	27.3	7.0	7.4	3.7	3.6	6.5
Finished goods, goods for resale	5.4	5.1	9.4	9.7	13.9	13.5	8.6	9.3	3.6	3.8	11.9
Non-financial assets	33.1	33.3	60.9	60.8	96.2	95.4	53.1	53.8	17.6	17.8	63.0
Cash 5	1.7	1.7	5.1	6.1	10.3	9.8	4.7	4.6	1.5	1.6	14.0
Debtors	19.7	17.1	34.1	33.1	72.8	70.7	47.0	48.3	11.9	14.3	46.4
Short-term	18.2	15.5	31.6	30.6	69.2	67.7	45.7	46.2	11.1	12.5	41.7
of which											
Trade debtors	8.6	7.6	18.6	18.7	35.9	33.9	19.8	21.1	6.5	6.7	12.8
Long-term	1.5	1.5	2.5	2.6	3.6	3.0	1.3	2.1	0.8	1.9	4.7
Investments	0.4	1.0	1.0	0.6	4.7	4.9	15.2	13.6	0.8	0.2	6.1
Participating interests	9.5	9.0	7.6	6.9	18.9	18.0	26.7	25.9	2.1	2.3	33.0
Financial assets	31.2	28.8	47.7	46.7	106.5	103.3	93.6	92.3	16.4	18.5	99.5
Prepayments	0.1	0.1	0.4	0.4	0.5	0.5	0.1	0.2	0.1	0.1	0.3
Balance sheet total 6	64.5	62.2	109.0	108.0	203.3	199.3	146.8	146.3	34.1	36.4	162.8
Liabilities											
Own funds 7, 8	17.3	17.1	17.3	18.5	41.8	40.6	37.2	35.6	6.6	7.3	40.8
Creditors	27.4	25.3	70.7	71.1	112.7	110.5	60.0	62.5	18.4	19.3	50.8
Short-term	20.9	18.4	50.6	50.0	93.0	91.4	50.3	51.4	13.1	14.0	44.3
of which											
to credit institutions	3.4	3.1	11.0	10.4	14.5	12.7	5.7	5.3	3.1	3.5	5.3
Trade creditors	5.1	5.1	13.2	12.9	18.8	17.5	9.7	9.3	3.0	3.0	17.4
Long-term	6.5	6.9	20.1	21.2	19.7	19.1	9.7	11.1	5.3	5.3	6.5
of which											
to credit institutions	3.4	3.5	11.6	12.6	10.4	10.2	4.2	4.2	2.8	2.9	2.9
Provisions 8	19.7	19.7	21.0	18.3	48.5	48.0	49.5	48.2	9.2	9.7	71.0
of which											
Provisions for pensions	11.3	11.6	10.9	8.8	21.8	21.3	22.8	22.8	5.3	5.7	31.6
Borrowed funds	47.1	45.0	91.7	89.4	161.2	158.5	109.5	110.6	27.6	29.0	121.8
Deferred income	0.0	0.0	0.1	0.1	0.2	0.2	0.1	0.1	0.0	0.1	0.3
Balance sheet total 6	64.5	62.2	109.0	108.0	203.3	199.3	146.8	146.3	34.1	36.4	162.8
II. Profit and loss account											
Turnover	103.2	94.8	172.6	171.5	261.7	262.1	168.9	178.8	50.2	52.1	285.6
Change in stocks of own products 9	1.4	– 0.3	2.5	1.3	4.9	3.9	1.1	0.5	0.4	0.5	0.9
Total output	104.6	94.5	175.1	172.8	266.6	266.0	170.0	179.4	50.7	52.6	286.5
Interest received	0.5	0.4	0.8	0.7	2.2	1.9	2.4	2.3	0.3	0.2	3.0
Other income	5.0	4.8	5.6	6.3	15.0	12.9	15.2	9.3	2.4	2.9	15.2
Total income	110.1	99.7	181.5	179.8	283.8	280.8	187.6	191.0	53.3	55.7	304.7
Cost of materials	65.3	58.8	83.7	81.1	134.9	135.8	95.0	101.7	22.6	23.4	178.3
Labour cost 10	22.6	22.2	54.3	54.9	84.1	82.9	50.2	52.0	17.7	18.4	68.2
Depreciation	4.6	4.1	8.2	8.2	9.8	9.2	7.4	7.3	2.0	2.1	14.9
of tangible fixed assets	4.2	4.0	7.4	7.4	8.3	7.9	6.2	6.2	1.7	1.7	13.2
Other 11	0.4	0.2	0.8	0.8	1.5	1.3	1.3	1.1	0.3	0.4	1.7
Interest paid	1.3	1.0	2.9	2.7	3.7	3.4	2.7	2.5	0.8	0.8	1.9
Taxes	1.1	0.7	2.2	2.3	3.6	3.4	2.1	2.5	0.8	0.8	2.3
on income and earnings 12	0.9	0.6	2.0	2.0	3.1	3.0	1.8	2.2	0.7	0.7	1.8
Other 13	0.2	0.2	0.3	0.3	0.5	0.5	0.3	0.3	0.1	0.1	0.5
of which: Excise taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other cost	12.5	11.7	26.0	26.1	43.2	41.8	27.1	21.2	8.7	9.3	36.4
Total cost	107.5	98.5	177.3	175.3	279.2	276.6	184.4	187.3	52.5	54.9	302.0
Profit for the year 14	2.6	1.2	4.3	4.5	4.6	4.2	3.2	3.6	0.8	0.9	2.7
Annual result before taxes on income 15	3.8	1.9	6.3	6.6	6.7	7.6	3.3	5.4	1.7	1.7	7.3

* Expanded figures for the former Federal territory including Berlin (west) on the basis of partly estimated turnover according to the turnover tax statistics of the Federal Statistical Office. — **1** Including repair of motor vehicles and motorcycles and personal and household goods. — **2** Excluding communication. — **3** Including intangible assets — **4** Including contracts in progress — **5** Notes and coins and bank balances. — **6** Less adjustments to capital accounts — **7** Capital, reserves and profit brought forward less adjustments to capital

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facture motor trailers semi-	Electricity, gas and water supply		Construction		Wholesale trade and commission trade		Retail trade (including sale of motor vehicles and automotive fuel) [1]		Transport [2] (excluding transport via railways)		
1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	Item
											I. Balance sheet
											Assets
38.0	143.0	132.6	43.6	43.2	67.3	68.4	79.8	79.2	67.9	69.9	Tangible fixed assets [3]
24.8	9.7	8.9	142.1	137.3	124.2	123.0	149.5	152.9	2.7	2.7	Stocks [4]
											of which
5.9	6.4	5.1	6.2	6.3	6.1	5.6	4.2	4.9	1.1	1.2	Raw materials and consumables
6.5	0.4	0.4	28.4	26.6	3.6	2.5	1.6	1.4	0.7	0.4	Work in progress
12.1	1.5	1.4	10.9	11.1	110.3	109.7	142.4	145.8	0.5	0.5	Finished goods, goods for resale
62.8	152.6	141.5	185.7	180.5	191.5	191.4	229.3	232.1	70.6	72.6	Non-financial assets
15.3	13.9	13.6	16.9	20.8	24.9	27.5	15.9	17.1	8.7	7.9	Cash [5]
53.1	66.8	66.3	92.3	91.6	210.8	212.5	91.4	97.3	38.5	41.1	Debtors
48.3	58.8	59.0	87.1	86.3	200.5	200.7	84.7	89.7	33.1	35.5	Short-term
											of which
13.7	25.4	23.3	54.0	51.8	124.7	123.2	44.9	47.7	19.0	18.5	Trade debtors
4.8	8.0	7.3	5.2	5.4	10.3	11.8	6.7	7.6	5.4	5.6	Long-term
6.3	33.0	34.9	8.2	7.7	2.9	2.6	0.8	0.8	0.7	0.9	Investments
37.4	44.3	48.9	6.8	7.3	24.8	27.4	15.6	14.4	6.5	7.2	Participating interests
112.2	158.0	163.6	124.3	127.4	263.4	270.0	123.8	129.6	54.4	57.1	Financial assets
0.2	1.2	1.0	3.9	3.6	1.4	1.5	1.6	1.5	1.3	1.3	Prepayments
175.2	311.8	306.1	313.8	311.5	456.4	462.9	354.7	363.2	126.3	131.0	Balance sheet total [6]
											Liabilities
41.3	78.9	76.8	19.0	18.4	65.3	67.9	12.1	11.8	17.8	19.3	Own funds [7, 8]
58.8	104.4	105.2	260.1	259.0	345.5	349.2	312.3	318.6	86.6	87.2	Creditors
52.3	60.1	59.2	224.2	222.0	280.2	282.2	218.2	224.1	50.3	50.0	Short-term
											of which
5.3	4.8	4.7	30.6	29.8	63.4	65.3	68.3	71.4	11.5	10.9	to credit institutions
18.5	13.3	12.4	44.4	42.5	109.6	113.1	84.1	87.3	18.5	18.4	Trade creditors
6.5	44.3	46.1	36.0	37.1	65.4	67.0	94.1	94.5	36.3	37.2	Long-term
											of which
2.7	20.0	23.2	25.6	27.0	37.5	39.0	69.3	67.7	26.7	26.1	to credit institutions
74.7	122.7	118.7	34.4	33.7	44.8	44.9	29.6	32.1	21.3	23.8	Provisions [8]
											of which
33.1	29.9	29.0	7.7	8.3	16.1	17.0	11.3	13.0	8.7	11.0	Provisions for pensions
133.6	227.1	224.0	294.5	292.8	390.4	394.2	341.9	350.7	107.9	111.0	Borrowed funds
0.3	5.8	5.4	0.3	0.4	0.7	0.8	0.7	0.8	0.6	0.8	Deferred income
175.2	311.8	306.1	313.8	311.5	456.4	462.9	354.7	363.2	126.3	131.0	Balance sheet total [6]
											II. Profit and loss account
312.0	221.8	208.1	384.5	367.4	1 214.2	1 214.9	873.3	898.2	175.5	174.8	Turnover
0.6	1.3	1.5	12.2	11.5	0.8	0.1	0.9	0.9	0.3	0.2	Change in stocks of own products [9]
312.6	223.0	209.6	396.7	378.9	1 215.1	1 214.9	874.2	899.1	175.8	175.0	Total output
2.6	4.2	3.8	2.2	2.1	5.0	4.9	2.5	2.4	1.1	1.1	Interest received
16.9	15.2	12.9	11.9	14.3	32.3	32.4	25.0	24.9	16.4	18.4	Other income
332.1	242.4	226.3	410.9	395.3	1 252.3	1 252.2	901.7	926.4	193.3	194.5	Total income
197.6	139.1	129.3	198.7	192.6	980.5	982.7	624.1	643.1	74.4	75.7	Cost of materials
70.2	32.5	30.2	135.8	128.5	102.8	102.0	115.5	118.2	49.8	51.7	Labour cost [10]
13.2	19.9	19.1	14.9	14.9	19.8	19.8	18.9	19.3	16.6	16.5	Depreciation
12.6	19.4	18.2	12.4	11.6	15.3	14.7	17.0	17.1	15.8	15.3	of tangible fixed assets
0.6	0.4	1.0	2.4	3.3	4.5	5.1	1.9	2.2	0.9	1.2	Other [11]
1.7	3.5	3.3	6.4	6.2	13.7	12.8	15.6	14.5	4.3	4.1	Interest paid
3.9	9.1	9.7	3.3	3.0	21.3	23.4	7.4	8.3	2.3	2.3	Taxes
3.4	7.7	8.2	2.5	2.2	6.8	6.1	3.1	3.1	1.2	1.3	on income and earnings [12]
0.5	1.4	1.5	0.8	0.8	14.5	17.3	4.3	5.2	1.1	1.0	Other [13]
0.0	0.5	0.6	0.0	0.0	10.6	14.0	3.5	4.5	0.0	0.0	of which: Excise taxes
43.6	32.4	28.9	48.2	47.6	101.2	101.1	110.5	112.5	42.6	41.1	Other cost
330.2	236.5	220.4	407.2	392.9	1 239.2	1 241.9	892.0	915.9	190.1	191.4	Total cost
1.9	5.9	5.9	3.6	2.4	13.0	10.3	9.7	10.4	3.2	3.0	Profit for the year [14]
6.6	16.7	18.1	6.2	4.4	21.7	17.4	13.4	13.8	0.7	0.6	Annual result before taxes on income [15]

accounts. — **8** Including pro rata share of special reserves. — **9** Including other capitalised production. — **10** Wages, salaries, social security contributions and voluntary social security expenditure. — **11** Write-downs of current and financial assets. — **12** In the case of partnerships and sole proprietorships trade earnings tax only. — **13** Including trade capital tax. — **14** Total income less total cost. — **15** Profit for the year before profit and loss transfers and before taxes on income and earnings.

Selected ratios *

Item	All enterprises 1		Manufacturing		of which: Manufacture of food products and beverages		Manufacture of textiles		Manufacture of textile products		Manufacture of wood
	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
I. Balance sheet ratios	% of balance sheet total (adjusted)										
Assets											
Tangible fixed assets 3	24.8	24.3	23.5	23.2	35.3	36.1	25.3	24.9	14.4	14.3	35.7
Stocks 4	24.2	23.9	21.5	21.2	18.9	18.4	30.5	30.5	38.2	38.3	31.1
Cash 5	5.1	5.2	5.1	4.9	3.9	3.4	4.1	4.2	6.3	5.3	4.2
Debtors	31.8	32.1	31.3	31.7	30.7	30.6	32.2	33.3	36.1	35.3	25.2
Short-term	29.3	29.5	28.9	29.1	26.9	26.7	29.6	30.1	34.3	33.0	23.1
Long-term	2.5	2.6	2.4	2.6	3.8	3.9	2.6	3.2	1.8	2.4	2.1
Investments	2.9	2.9	3.0	2.8	1.0	1.0	0.8	0.7	0.1	0.2	0.5
Participating interests	10.7	11.3	15.3	16.0	9.8	10.2	6.8	6.1	4.6	6.1	2.7
Liabilities											
Own funds (adjusted) 6	17.9	17.9	23.7	23.7	18.7	20.5	20.5	21.4	18.2	18.3	11.2
Creditors	59.8	60.0	49.0	49.4	64.7	63.7	64.3	62.8	70.2	70.8	79.8
Short-term	45.0	45.2	37.2	37.7	43.2	43.6	45.4	42.6	53.0	52.0	49.1
Long-term	14.7	14.8	11.8	11.7	21.5	20.0	18.9	20.3	17.2	18.7	30.7
Provisions 6	22.0	21.8	27.1	26.7	16.5	15.8	15.2	15.7	11.6	10.9	9.0
of which: Provisions for pensions	8.9	8.9	13.2	13.0	6.7	6.2	7.3	8.0	4.1	4.2	2.4
Memo item: Turnover	167.2	166.0	153.1	152.5	200.4	195.9	158.6	166.8	215.8	214.3	176.3
II. Profit and loss account ratios	% of total output										
Turnover	99.5	99.6	99.4	99.7	100.1	100.0	99.8	100.5	100.2	99.9	98.8
Change in stocks of own products 7	0.5	0.4	0.6	0.3	– 0.1	0.0	0.2	– 0.5	– 0.2	0.1	1.2
Total output	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest received	0.6	0.6	0.7	0.7	0.4	0.4	0.5	0.5	0.4	0.4	0.3
Other income	4.4	4.3	5.4	5.1	3.9	3.9	4.9	5.4	3.1	3.2	3.0
Total income	105.0	104.9	106.1	105.8	104.2	104.2	105.4	105.9	103.5	103.6	103.3
Cost of materials	62.2	62.6	52.8	53.3	62.3	62.6	56.4	56.2	60.3	61.2	53.8
Labour cost 8	19.2	19.0	24.2	23.8	14.2	13.9	26.3	26.2	19.8	19.4	25.3
Depreciation of tangible fixed assets	3.3	3.2	4.0	3.8	4.1	4.0	4.0	3.8	1.5	1.4	4.2
Other depreciation 9	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.8	0.4	0.5	0.6
Interest paid	1.4	1.3	1.3	1.2	1.4	1.3	1.9	1.8	1.6	1.5	2.3
Taxes	3.2	3.2	5.2	5.1	2.8	2.8	0.9	1.0	1.2	1.1	1.0
on income and earnings 10	0.9	0.9	1.1	1.1	0.7	0.8	0.7	0.8	1.0	0.9	0.8
Other cost	13.7	13.7	16.3	16.3	17.4	17.3	14.6	15.1	16.7	16.5	14.0
Total cost	103.5	103.5	104.2	104.0	102.6	102.4	104.7	104.8	101.5	101.6	101.1
Profit for the year	1.5	1.4	1.9	1.8	1.7	1.9	0.7	1.0	2.0	2.1	2.2
	% of turnover										
Annual result 11	1.7	1.6	2.2	2.0	1.8	2.1	0.6	1.0	2.4	2.4	2.3
Annual result before taxes on income 12	2.6	2.5	3.3	3.1	2.6	2.9	1.3	1.8	3.4	3.3	3.1
Internally generated funds 13	5.7	5.2	7.2	6.2	6.6	6.4	5.0	4.8	4.2	3.6	7.0
III. Other ratios	% of turnover										
Stocks	14.5	14.4	14.1	13.9	9.4	9.4	19.2	18.3	17.7	17.9	17.7
Short-term debtors	17.5	17.8	18.9	19.1	13.4	13.6	18.7	18.0	15.9	15.4	13.1
	% of tangible fixed assets										
Own funds (adjusted)	72.0	73.8	100.9	102.4	53.1	56.8	80.8	86.0	126.4	127.9	31.5
Long-term liabilities 14	170.1	174.3	210.6	212.1	136.0	132.6	190.0	204.2	276.8	289.0	125.7
	% of fixed assets 15										
Long-term liabilities 14	109.4	108.7	118.9	116.4	97.6	94.8	136.8	146.6	191.3	181.2	110.8
	% of short-term creditors										
Liquid funds 16 and short-term debtors	81.7	81.4	98.5	96.4	73.1	70.6	75.0	81.2	76.7	73.9	56.8
Liquid funds 16, short-term debtors and stocks	135.5	134.2	156.3	152.6	116.9	112.8	142.1	152.8	148.9	147.6	120.2
	% of borrowed funds 17 less cash										
Internally generated funds 13	12.3	11.3	15.5	13.2	17.2	16.4	10.5	10.8	11.9	10.2	14.6
	% of balance sheet total (adjusted)										
Annual result 11 and interest paid	5.3	4.9	5.4	5.0	6.5	6.6	4.1	4.7	8.6	8.3	8.1

* Calculated from expanded figures. — 1 Electricity, gas and water supply, mining, manufacturing, construction, wholesale and retail trade and transport. — 2 Including reproduction of recorded media. — 3 Including intangible assets. — 4 Including contracts in progress. — 5 Notes and coins and bank balances. — 6 Including pro rata share of special reserves. — 7 Including other capitalised production. — 8 Wages, salaries, social security contributions and voluntary social security expenditure. — 9 Write-downs of current and financial assets. — 10 In the case of partnerships and sole proprietorships trade earnings tax only. — 11 Profit for the year before profit

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facture and products	Manufacture of pulp, paper and paper products		Publishing and printing [2]		Manufacture of chemicals and chemical products		Manufacture of rubber and plastic products		Manufacture of other non-metallic mineral products		
1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	Item
% of balance sheet total (adjusted)											I. Balance sheet ratios
											Assets
37.0	40.7	39.8	30.5	29.4	20.6	19.3	31.2	31.5	35.2	35.3	Tangible fixed assets [3]
29.7	20.1	17.6	14.1	13.7	12.6	12.2	21.2	20.7	16.9	16.6	Stocks [4]
4.0	4.6	4.8	6.6	5.9	4.1	3.6	4.4	4.9	7.8	5.9	Cash [5]
25.7	24.8	25.2	39.0	39.6	25.1	25.9	33.6	33.4	24.0	24.4	Debtors
23.4	23.3	22.7	35.5	35.7	22.2	23.3	31.1	31.1	22.0	21.6	Short-term
2.3	1.5	2.5	3.5	3.8	2.9	2.6	2.4	2.3	2.0	2.8	Long-term
0.4	1.2	1.3	1.6	2.4	3.4	2.4	0.5	0.4	0.8	0.8	Investments
2.7	8.4	11.2	7.7	8.4	34.0	36.4	8.9	8.8	15.0	16.7	Participating interests
											Liabilities
11.3	21.7	24.1	13.6	13.3	40.0	38.4	21.9	22.5	25.2	25.0	Own funds (adjusted) [6]
79.6	60.4	57.8	62.9	61.4	28.5	31.8	60.0	59.4	52.0	53.5	Creditors
48.6	36.2	34.6	44.2	42.0	22.6	26.2	42.5	41.1	35.2	36.3	Short-term
31.0	24.2	23.2	18.7	19.3	5.9	5.6	17.4	18.3	16.8	17.1	Long-term
9.0	17.9	18.0	22.5	24.2	31.5	29.6	18.1	18.1	22.7	21.4	Provisions [6]
2.6	8.8	9.4	12.6	13.8	19.0	18.1	8.3	7.8	9.9	9.1	of which: Provisions for pensions
164.5	161.2	150.2	173.0	179.7	103.8	96.0	178.9	177.3	131.1	121.3	Memo item: Turnover
% of total output											II. Profit and loss account ratios
99.4	98.8	100.4	99.8	100.0	99.7	99.9	99.1	99.6	98.8	99.2	Turnover
0.6	1.2	– 0.4	0.2	0.0	0.3	0.1	0.9	0.4	1.2	0.8	Change in stocks of own products [7]
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Total output
0.3	0.4	0.4	0.7	0.6	1.0	1.0	0.4	0.3	0.7	0.7	Interest received
3.2	3.8	4.2	6.0	5.1	6.9	8.5	4.2	4.2	5.7	5.9	Other income
103.5	104.3	104.7	106.8	105.8	108.0	109.5	104.6	104.6	106.4	106.6	Total income
53.1	55.8	52.6	39.7	40.0	48.2	48.9	51.6	50.5	44.3	44.1	Cost of materials
26.1	21.6	22.6	31.9	31.1	24.7	24.5	26.9	27.1	26.8	27.4	Labour cost [8]
4.6	5.2	5.2	4.8	4.5	5.1	5.2	4.6	4.6	6.3	6.6	Depreciation of tangible fixed assets
0.5	0.4	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.4	0.5	Other depreciation [9]
2.3	1.9	1.8	1.8	1.7	1.2	1.2	1.5	1.4	1.7	1.8	Interest paid
1.0	0.9	1.1	1.2	1.4	2.7	2.5	1.2	1.3	2.3	1.9	Taxes
0.8	0.7	1.0	1.1	1.2	2.5	2.2	1.1	1.1	2.1	1.6	on income and earnings [10]
14.9	17.9	19.1	24.4	24.3	22.0	22.9	16.4	16.7	20.6	21.3	Other cost
102.4	103.7	103.0	104.4	103.7	104.5	105.7	102.9	102.3	102.5	103.6	Total cost
1.0	0.6	1.6	2.4	2.1	3.4	3.8	1.7	2.3	4.0	3.0	Profit for the year
% of turnover											
0.9	1.2	2.4	2.9	3.0	4.4	4.6	2.1	2.7	5.0	4.0	Annual result [11]
1.7	2.0	3.3	4.0	4.2	6.9	6.8	3.2	3.9	7.1	5.6	Annual result before taxes on income [12]
6.1	7.7	8.1	9.7	8.8	12.5	10.2	7.0	7.7	12.3	8.4	Internally generated funds [13]
% of turnover											III. Other ratios
18.0	12.5	11.7	8.1	7.6	12.2	12.7	11.9	11.7	12.9	13.7	Stocks
14.2	14.5	15.1	20.5	19.9	21.4	24.3	17.4	17.6	16.8	17.8	Short-term debtors
% of tangible fixed assets											
30.5	53.2	60.7	44.6	45.2	194.0	198.6	70.3	71.4	71.7	70.9	Own funds (adjusted)
123.0	137.1	145.2	148.9	159.2	319.4	326.0	154.1	155.3	150.5	147.5	Long-term liabilities [14]
% of fixed assets [15]											
108.5	110.1	107.3	108.6	112.3	114.1	107.6	112.8	114.7	101.4	94.7	Long-term liabilities [14]
% of short-term creditors											
57.2	80.3	82.1	98.5	104.5	131.0	110.9	84.3	88.3	87.1	77.4	Liquid funds [16] and short-term debtors
118.2	135.8	132.9	130.4	137.1	187.1	157.5	134.2	138.7	135.1	123.1	Liquid funds [16], short-term debtors and stocks
% of borrowed funds [17] less cash											
11.9	16.9	17.2	21.3	19.9	23.3	16.9	16.9	18.8	24.1	14.8	Internally generated funds [13]
% of balance sheet total (adjusted)											
5.3	5.1	6.2	8.2	8.5	5.9	5.6	6.5	7.3	8.9	7.1	Annual result [11] and interest paid

and loss transfers. — **12** Taxes on income and earnings. — **13** Cash flow: annual result, depreciation allowances, changes in provisions, in special reserves and prepayments and deferred income less write-ups of tangible fixed assets. — **14** Own funds, provisions for pensions, long-term creditors and special reserves. — **15** Tangible fixed assets (including intangible assets), participating interests, long-term debtors and investments held as fixed assets. — **16** Cash and investments held as current assets. — **17** Creditors, provisions and pro rata share of special reserves.

Selected ratios * (cont'd)

Item	Manufacturing sector (cont'd); of which										
	Manufacture of basic metals		Manufacture of fabricated metal products		Manufacture of machinery and equipment n.e.c.		Manufacture of electrical machinery and apparatus n.e.c.		Manufacture of electrical and optical instruments		Manu- of vehicles, and trailers
	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
I. Balance sheet ratios	% of balance sheet total (adjusted)										
Assets											
Tangible fixed assets 3	28.9	31.1	27.4	27.2	16.0	15.7	13.7	14.3	19.5	18.7	23.7
Stocks 4	22.5	22.5	28.5	29.1	31.3	32.2	22.5	22.5	32.1	30.2	15.0
Cash 5	2.6	2.7	4.6	5.7	5.1	4.9	3.2	3.2	4.5	4.5	8.6
Debtors	30.5	27.4	31.2	30.7	35.8	35.5	32.0	33.0	34.9	39.4	28.5
Short-term	28.2	25.0	29.0	28.3	34.0	34.0	31.1	31.6	32.5	34.3	25.6
Long-term	2.3	2.4	2.3	2.4	1.8	1.5	0.9	1.4	2.4	5.1	2.9
Investments	0.6	1.6	0.9	0.6	2.3	2.4	10.4	9.3	2.4	0.6	3.7
Participating interests	14.8	14.5	7.0	6.4	9.3	9.0	18.2	17.7	6.3	6.4	20.3
Liabilities											
Own funds (adjusted) 6	26.9	27.6	15.9	17.1	20.6	20.4	25.3	24.3	19.2	20.2	25.0
Creditors	42.5	40.7	64.8	65.9	55.4	55.4	40.9	42.7	54.0	52.9	31.2
Short-term	32.4	29.6	46.4	46.3	45.7	45.9	34.3	35.1	38.4	38.4	27.2
Long-term	10.1	11.0	18.4	19.6	9.7	9.6	6.6	7.6	15.6	14.5	4.0
Provisions 6	30.6	31.7	19.2	16.9	23.9	24.1	33.7	32.9	26.8	26.7	43.6
of which: Provisions for pensions	17.5	18.7	10.0	8.1	10.7	10.7	15.5	15.6	15.4	15.6	19.4
Memo item: Turnover	160.1	152.5	158.4	158.9	128.7	131.6	115.0	122.2	147.1	143.3	175.4
II. Profit and loss account ratios	% of total output										
Turnover	98.7	100.3	98.6	99.3	98.2	98.5	99.4	99.7	99.1	99.1	99.7
Change in stocks of own products 7	1.3	– 0.3	1.4	0.7	1.8	1.5	0.6	0.3	0.9	0.9	0.3
Total output	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest received	0.5	0.4	0.4	0.4	0.8	0.7	1.4	1.3	0.5	0.4	1.0
Other income	4.8	5.0	3.2	3.6	5.6	4.8	8.9	5.2	4.7	5.5	5.3
Total income	105.2	105.4	103.7	104.1	106.4	105.5	110.4	106.5	105.2	105.9	106.3
Cost of materials	62.4	62.2	47.8	47.0	50.6	51.1	55.9	56.7	44.5	44.5	62.2
Labour cost 8	21.6	23.5	31.0	31.7	31.5	31.2	29.5	29.0	34.8	35.0	23.8
Depreciation of tangible fixed assets	4.0	4.2	4.2	4.3	3.1	3.0	3.6	3.5	3.4	3.2	4.6
Other depreciation 9	0.4	0.2	0.5	0.4	0.6	0.5	0.8	0.6	0.5	0.7	0.6
Interest paid	1.3	1.1	1.7	1.6	1.4	1.3	1.6	1.4	1.6	1.5	0.7
Taxes	1.1	0.8	1.3	1.3	1.3	1.3	1.2	1.4	1.6	1.4	0.8
on income and earnings 10	0.9	0.6	1.1	1.2	1.1	1.1	1.0	1.2	1.4	1.3	0.6
Other cost	12.0	12.3	14.9	15.1	16.2	15.7	15.9	11.8	17.1	17.7	12.7
Total cost	102.7	104.2	101.2	101.5	104.7	104.0	108.5	104.4	103.6	104.2	105.4
Profit for the year	2.5	1.2	2.4	2.6	1.7	1.6	1.9	2.0	1.6	1.7	0.9
	% of turnover										
Annual result 11	2.8	1.3	2.5	2.7	1.4	1.8	0.9	1.8	1.9	2.0	1.9
Annual result before taxes on income 12	3.7	2.0	3.6	3.8	2.6	2.9	1.9	3.0	3.4	3.2	2.5
Internally generated funds 13	4.9	5.6	7.3	5.8	5.3	5.0	6.8	5.1	7.0	7.1	8.2
III. Other ratios	% of turnover										
Stocks	14.0	14.7	18.0	18.3	24.3	24.5	19.5	18.4	21.9	21.1	8.5
Short-term debtors	17.6	16.4	18.3	17.8	26.4	25.8	27.0	25.8	22.1	23.9	14.6
	% of tangible fixed assets										
Own funds (adjusted)	93.0	88.5	57.9	62.9	128.4	129.6	185.2	170.0	98.3	108.0	105.7
Long-term liabilities 14	191.8	186.9	163.4	166.5	257.8	260.4	353.3	337.2	259.0	271.3	207.3
	% of fixed assets 15										
Long-term liabilities 14	120.4	121.0	121.0	124.9	148.4	151.7	146.9	143.8	178.9	167.4	101.4
	% of short-term creditors										
Liquid funds 16 and short-term debtors	96.7	98.8	73.7	74.1	88.7	88.5	129.9	124.8	102.5	102.2	133.6
Liquid funds 16, short-term debtors and stocks	166.1	174.6	135.0	137.0	157.2	158.7	195.5	188.8	186.3	181.0	188.7
	% of borrowed funds 17 less cash										
Internally generated funds 13	11.0	12.2	14.6	12.0	9.3	8.9	11.0	8.6	13.5	13.5	21.8
	% of balance sheet total (adjusted)										
Annual result 11 and interest paid	6.5	3.7	6.6	6.8	3.6	4.0	2.8	3.9	5.3	5.0	4.5

* Calculated from expanded figures. — 1 Including repair of motor vehicles and motorcycles and personal and household goods. — 2 Excluding communication. — 3 Including intangible assets. — 4 Including contracts in progress. — 5 Notes and coins and bank balances. — 6 Including pro rata share of special reserves. — 7 Including other capitalised production. — 8 Wages, salaries, social security contributions and voluntary social security expenditure. — 9 Write-downs of current and financial assets. — 10 In the case of partnerships and sole proprietorships trade earnings tax only. — 11 Profit for the year before profit and loss transfers. — 12 Taxes on income and

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facture motor trailers, semi-	Electricity, gas and water supply		Construction		Wholesale trade and commission trade		Retail trade (including sale of motor vehicles and automotive fuel) [1]		Transport [2] (excluding transport via railways)		
1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	Item
% of balance sheet total (adjusted)											I. Balance sheet ratios
											Assets
21.7	45.9	43.3	13.9	13.9	14.8	14.8	22.5	21.8	53.8	53.3	Tangible fixed assets [3]
14.1	3.1	2.9	45.3	44.1	27.2	26.6	42.2	42.1	2.1	2.1	Stocks [4]
8.7	4.4	4.4	5.4	6.7	5.5	5.9	4.5	4.7	6.9	6.0	Cash [5]
30.3	21.4	21.7	29.4	29.4	46.2	45.9	25.8	26.8	30.5	31.4	Debtors
27.6	18.9	19.3	27.8	27.7	43.9	43.4	23.9	24.7	26.2	27.1	Short-term
2.7	2.6	2.4	1.7	1.7	2.3	2.5	1.9	2.1	4.3	4.3	Long-term
3.6	10.6	11.4	2.6	2.5	0.6	0.6	0.2	0.2	0.5	0.7	Investments
21.4	14.2	16.0	2.2	2.3	5.4	5.9	4.4	4.0	5.1	5.5	Participating interests
											Liabilities
23.6	25.3	25.1	6.0	5.9	14.3	14.7	3.4	3.2	14.1	14.7	Own funds (adjusted) [6]
33.6	33.5	34.4	82.9	83.2	75.7	75.4	88.0	87.7	68.6	66.5	Creditors
29.9	19.3	19.3	71.4	71.3	61.4	61.0	61.5	61.7	39.8	38.2	Short-term
3.7	14.2	15.1	11.5	11.9	14.3	14.5	26.5	26.0	28.7	28.4	Long-term
42.7	39.3	38.8	11.0	10.8	9.8	9.7	8.3	8.8	16.9	18.2	Provisions [6]
18.9	9.6	9.5	2.5	2.7	3.5	3.7	3.2	3.6	6.9	8.4	of which: Provisions for pensions
178.1	71.1	68.0	122.5	117.9	266.1	262.4	246.2	247.3	138.9	133.4	Memo item: Turnover
% of total output											II. Profit and loss account ratios
99.8	99.4	99.3	96.9	97.0	99.9	100.0	99.9	99.9	99.8	99.9	Turnover
0.2	0.6	0.7	3.1	3.0	0.1	0.0	0.1	0.1	0.2	0.1	Change in stocks of own products [7]
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Total output
0.8	1.9	1.8	0.6	0.5	0.4	0.4	0.3	0.3	0.6	0.6	Interest received
5.4	6.8	6.2	3.0	3.8	2.7	2.7	2.9	2.8	9.4	10.5	Other income
106.2	108.7	108.0	103.6	104.3	103.1	103.1	103.1	103.0	110.0	111.1	Total income
63.2	62.4	61.7	50.1	50.8	80.7	80.9	71.4	71.5	42.3	43.2	Cost of materials
22.5	14.6	14.4	34.2	33.9	8.5	8.4	13.2	13.2	28.3	29.5	Labour cost [8]
4.0	8.7	8.7	3.1	3.1	1.3	1.2	1.9	1.9	9.0	8.8	Depreciation of tangible fixed assets
0.2	0.2	0.5	0.6	0.9	0.4	0.4	0.2	0.2	0.5	0.7	Other depreciation [9]
0.6	1.6	1.6	1.6	1.6	1.1	1.1	1.8	1.6	2.5	2.3	Interest paid
1.2	4.1	4.6	0.8	0.8	1.8	1.9	0.9	0.9	1.3	1.3	Taxes
1.1	3.4	3.9	0.6	0.6	0.6	0.5	0.4	0.3	0.7	0.8	on income and earnings [10]
13.9	14.5	13.8	12.1	12.6	8.3	8.3	12.6	12.5	24.2	23.5	Other cost
105.6	106.0	105.1	102.6	103.7	102.0	102.2	102.0	101.9	108.2	109.4	Toal cost
0.6	2.7	2.8	0.9	0.6	1.1	0.8	1.1	1.2	1.8	1.7	Profit for the year
% of turnover											
1.0	4.1	4.8	1.0	0.6	1.2	0.9	1.2	1.2	– 0.3	– 0.4	Annual result [11]
2.1	7.5	8.7	1.6	1.2	1.8	1.4	1.5	1.5	0.4	0.3	Annual result before taxes on income [12]
6.4	10.9	11.9	4.8	4.5	2.9	2.6	3.5	3.6	9.7	10.5	Internally generated funds [13]
% of turnover											III. Other ratios
7.9	4.4	4.3	37.0	37.4	10.2	10.1	17.1	17.0	1.5	1.5	Stocks
15.5	26.5	28.4	22.7	23.5	16.5	16.5	9.7	10.0	18.9	20.3	Short-term debtors
% of tangible fixed assets											
108.6	55.1	57.9	43.5	42.5	96.9	99.3	15.1	14.9	26.2	27.6	Own funds (adjusted)
214.7	110.3	118.1	145.4	149.1	220.1	224.4	149.0	152.1	95.6	99.5	Long-term liabilities [14]
% of fixed assets [15]											
99.1	77.5	77.7	111.1	112.4	143.0	141.2	116.0	118.6	81.3	84.0	Long-term liabilities [14]
% of short-term creditors											
129.5	161.8	160.1	49.4	51.1	81.1	81.4	46.3	47.8	84.5	88.4	Liquid funds [16] and short-term debtors
176.8	177.8	175.2	112.8	112.9	125.4	125.0	114.9	116.1	89.9	93.8	Liquid funds [16], short-term debtors and stocks
% of borrowed funds [17] less cash											
16.9	11.3	11.8	6.7	6.1	9.6	8.5	9.4	9.7	17.2	17.8	Internally generated funds [13]
% of balance sheet total (adjusted)											
2.8	4.0	4.3	3.2	2.7	6.3	5.2	7.3	7.0	3.0	2.5	Annual result [11] and interest paid

earnings. — **13** Cash flow: annual result, depreciation allowances, changes in provisions, in special reserves and prepayments and deferred income less write-ups of tangible fixed assets. — **14** Own funds, provisions for pensions, long-term creditors and special reserves. — **15** Tangible fixed assets (including intangible assets), participating interests, long-term debtors and investments held as fixed assets. — **16** Cash and investments held as current assets. — **17** Creditors, provisions and pro rata share of special reserves.