West German enterprises' profitability and financing in 1999

Judging by the provisional results of the Bundesbank's corporate balance sheet statistics, the difficult economic setting in 1999 impaired the profitability of west German firms only slightly. The return on turnover largely matched the high level of 1998, which in turn was on a par with the buoyant situation in the early nineties. The annual accounts data indicate another above-average return on fixed capital. Enterprises' financial situation remained unproblematical. Their liability and financing structures improved further in part. In particular, their provision with own funds showed a continuing upward trend. Given the very sound overall earnings and financing position of firms, they probably coped well with the deterioration in the terms of trade in 2000. According to national accounts data, the profits of non-financial corporations rose appreciably. The earnings prospects for 2001 are also far from unfavourable, despite the likelihood of a marked slowing of economic growth. The improvement in the terms of trade which has now begun, comprehensive tax relief measures and largely stable unit labour costs are creating ample scope for a positive earnings trend.

Cyclical setting

For German businesses in general, and especially for the west German enterprises in the

Marked slowing of growth on average during 1999

producing, wholesale/retail trade and transport sectors considered in this article, 1999 was a difficult year. The cyclical slackening which became evident in the second half of 1998 in the wake of the downturn in the global economic setting persisted for a time after the turn of 1998/99. The subsequent improvement in the world economic situation was accompanied in spring 1999 by signs of a revival in the German economy. From the middle of the year onwards business activity picked up markedly under the impact of the rapidly growing external demand. Even so, real GDP in Germany increased by only 1½ % on average in 1999, compared with 2 % in 1998. (In western Germany growth slowed even more, from 2¼ % to 1½ %.)[1] The rate of utilisation of pan-German potential output probably fell by ½ percentage point in the context of weak potential growth.

Strong impetus from exports in the course of the year

The comparatively rapid recovery of the world economy in the course of 1999, from which the German economy benefited greatly, was fuelled to a considerable extent by the very dynamic development of domestic demand in the United States which, as US production capacity was more or less exhausted, increased the demand for imports. Economic activity was also stimulated by the remarkably robust upturn in the east Asian emerging markets and the progressive stabilisation in Latin America. Foreign demand for German products was additionally boosted by the depreciation of the euro. As imports grew far more strongly, however, the real balance of net exports was almost one-half smaller than it had been a year earlier. Statistically, this lowered GDP growth by ¾ percentage point.

Mixed domestic picture

During the winter of 1998/99 domestic demand was a mainstay of economic activity. However, it lost momentum distinctly in the further course of 1999. But with an average annual growth of 2½ %, it equalled the rate of expansion recorded in 1998. The main impetus came from private consumption. At just under 3½ %, gross fixed asset formation expanded a little more strongly than before. Real construction investment showed a slight rise for the first time since 1994, although it fell again in 2000. The temporary stabilisation of construction levels in 1999 was due chiefly to a higher demand for industrial and commercial buildings. On the other hand, residential housing construction did not match the 1998 level. The growth of investment in new machinery and equipment, though still fairly strong at over 6½ %, was distinctly slower than in the previous year. By contrast, other fixed assets registered an even steeper increase than the double-digit rate achieved in 1998. It was presumably fuelled primarily by the software investment component, which has been expanding rapidly for quite some time.

Economic trends in the sectors under consideration

External influences play a particularly significant role in the sectors captured by the cor-

1 With the changeover of the national accounts to ESA '95, which occurred in April 1999 for the main GDP output and expenditure aggregates, the separate calculation of GDP for western Germany and eastern Germany (which had been customary until then) was largely discontinued. However, it is possible to obtain a breakdown of aggregate data for western and eastern Germany using GDP figures relating to individual Länder which are published regularly by the working group "National Accounts of the Länder". Owing to the comparatively small macroeconomic weight of the new Länder, the pan-German figures for other aggregates and indicators referred to here probably also provide a fairly accurate reflection of the basic trends in western Germany.

porate balance sheet statistics. This applies primarily to west German manufacturing, which in 1999 generated around two-fifths of its turnover abroad. The sector increased its output by only 1½ %, compared with 5 % in 1998. Capital goods producers recorded especially weak figures; their production virtually stagnated after having jumped by more than 8 % in 1998. Domestic demand for manufactured goods cooled more starkly than foreign orders. The output growth of intermediate goods, too, waned perceptibly. By contrast, producers of durable and non-durable consumer goods maintained the rather moderate rate of expansion shown in 1998. The slackening momentum in the manufacturing sector also affected the wholesale trade, whose price-adjusted turnover throughout Germany contracted by ½ % in 1999 following an expansion of 3½ % in the previous year. Similar negative knock-on effects were presumably felt in the transport sector as well, but no official figures are available yet.

In western Germany the construction sector managed to lift its output slightly (by 1½ %) for the first time in a long while. However, this was partly due to exceptional, non-recurrent developments in the field of infrastructure investment. As in the preceding years, retail trade turnover, which grew by just over ½ % in price-adjusted terms, failed to keep step with the growth of private consumption. The output of electricity, gas and water suppliers in western Germany likewise expanded by a modest ½ %. The combined real gross value added in Germany as a whole by the sectors considered in this article amounted to little more than ½ %.

Profitability

Overall earnings before taxes ...

The dimmer overall economic situation in 1999 had little overall impact on the earnings of the sectors examined here. (For the changes in the data processing procedure see the box on page 22.) The annual result before taxes on income decreased by ½ % vis-à-vis 1998.[2] However, the very strong upward trend in corporate profitability in the two previous years, which had boosted earnings by almost one-half compared with the low level recorded in 1996, came to a sudden halt. This picture is essentially confirmed by the national accounts data on the earnings trend of non-financial corporations,[3] though for a number of reasons those data are not directly comparable with the figures of the corporate balance sheet statistics. According to the national accounts data, the profits of corporations fell by 5 % in 1999 after having increased substantially prior to that.[4]

According to the corporate balance sheet statistics, the profitability of west German

2 The annual result corresponds to the profit for the year before profit/loss transfers and provides a better indication of the profits generated by the enterprises analysed in this article, since numerous firms 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. holding companies) to which their profits/losses are transferred.
3 Under ESA '95 these include non-financial quasi-corporations (in Germany *OHGs* and *KGs* and similar hybrid legal forms).
4 See Deutsche Bundesbank, The profitability and investment behaviour of non-financial corporations, Monthly Report, October 2000, page 34.

Changes in the data processing procedure

In the past the Bundesbank used updated figures from the Federal Statistical Office's turnover tax statistics to compute expanded data on the profitability and financing of German enterprises for the year preceding the year under review – in this case 1998. In order to obtain figures for the year under review, these expanded prior-year data were then extrapolated in line with the development of likewise expanded data based on a two-year cylindered sample of enterprises. This procedure was necessitated by the fact that, at the time of reporting, only between one-quarter and two-fifths of the total balance sheet material expected for the financial year in question tended to be available.[1]

This approach, which has proved its worth over many years, had to be modified for this study as the database for performing an expansion of the 1998 annual results – which should have formed the starting point for computing the 1999 figures – was insufficient in terms of both numerical size and composition. This is primarily due to the fact that the Bundesbank's balance sheet material, especially on small and medium-sized enterprises, has contracted appreciably in recent years. This is connected to the fact that the discount credit facility in the context of bill-based lending, which until the start of stage three of EMU obliged German firms to submit their annual accounts to the Bundesbank, was not included by the European Central Bank in its set of monetary policy instruments. As a makeshift solution, therefore, the figures for the prior year (1998) were themselves calculated by extrapolation from the expanded results of a cylindered sample. The extrapolation for 1998 was based on 29,000 sets of annual accounts for 1997 and 1998, while the subsequent extrapolation for the reporting year used 15,250 sets of annual accounts straddling 1998/99. The broader database available for the balance sheet year 1998 compared with 1999 nevertheless suffices to present results differentiated by sector (see tables, pages 34 ff.).

The need for the Bundesbank to assess the creditworthiness of lending to businesses in the course of banks' refinancing operations means that it will continue to receive a large number of annual accounts from trade and industry in future. Judging from the present perspective, however, the Bundesbank will probably have to supplement these data by drawing on external sources to ensure its ongoing ability to give an accurate overall picture of the profitability and financing of producing enterprises. Anticipating this dilemma, the Bundesbank therefore took an initiative back in 1998 to set up a data pool which will allow it to carry on reporting on firms' profitability and financing. The preparations for this are already well advanced.

1 For details see Deutsche Bundesbank, The methodological basis of the Deutsche Bundesbank's corporate balance sheet statistics, Monthly Report, October 1998, pages 49 to 64.

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firms in 1999 was still comparatively good, despite a slight decline in pre-tax earnings. That is borne out by the gross return on turnover, which is the ratio of enterprises' annual result before taxes on income to their turnover. It showed only a small decline in the context of rather moderate turnover growth. At just under 3½%, it was marginally lower than the average earnings level achieved between 1987 and 1991, a period marked by high corporate profitability.

... and after taxes

The earnings picture appears even brighter if one looks at the net annual result. Owing to lower income tax payments, it increased over twelve months by 1%, a phenomenon which is examined below. As the volume of business grew by almost the same amount, the net return on turnover remained at the 1998 level of just over 2%. However, that ratio is suitable only for showing post-tax earnings trends over time. Its level is doubtless overstated because taxes on income and earnings, besides trade earnings tax, solely comprise the taxes on income payable by corporations, whereas the annual result of non-corporations (partnerships and sole proprietors) is taxed as part of those entrepreneurs' private income. Hence the business taxes paid by them do not show up in the profit and loss accounts of their enterprises.

Profitability in the manufacturing sector ...

The sectors considered in this article displayed widely different earnings trends in 1999. The turbulence which hit the international financial markets in 1998 and the resultant negative impact on the world economy had marked repercussions, in particular, on the profitability of manufacturing firms which generate a comparatively large share of their turnover outside Germany. It is therefore not surprising that segments that are strongly export-oriented, such as motor vehicle manufacturing or the production of chemicals and chemical products, suffered a sharp drop in their earnings level. In addition, the profit margins of some segments that are more reliant on the domestic market, notably manufacturers of textiles and textile products, were likewise heavily squeezed. That is doubtless partly attributable to the keener price competition from east Asian emerging-market countries, whose currencies had depreciated substantially in the wake of the turmoil in the international financial markets. Consequently, the aggregate annual result before income tax in the manufacturing sector decreased markedly by 3 % in 1999. This concurrently depressed the sector's gross return on turnover; at 4 %, it was ¼ percentage point lower than in 1998. Considered in a longer-term context, however, earnings were still satisfactory. This applies especially to profits after taxes, which fell by a mere ½ % in 1999; amounting to more than 2 ½ % of turnover, they matched the lucrative level of the period 1988 to 1990.

... in construction and the retail trade ...

Earnings in the west German construction sector declined in 1999 by an even greater margin than profit levels in the manufacturing sector. Gross return on turnover fell to the low level of 1½ % last reached in 1996/97. To some extent this mirrors the aforementioned particularly difficult cyclical situation in this sector, but it also partly reflects the relatively discontinuous accounting practice, which in 1999 was reflected in a large increase in the

Enterprises' profit and loss account *

Item	1997	1998	1999	1998	1999
	DM billion			Change from previous year in %	
Income					
Turnover	5,429.1	5,596.2	5,678	3.1	1.5
Change in stocks of own products 1	9.6	28.2	41.5	192.8	47
Total output	5,438.8	5,624.4	5,719	3.4	1.5
Interest received	30.6	33.7	34.5	10.2	2.5
Other income	239.8	274.6	308	14.5	12
of which					
from participating interests	25.6	34.9	39	36.3	11.5
from profit and loss transfers	28.0	31.5	33.5	12.7	6.5
Total income	5,709.2	5,932.8	6,061	3.9	2
Cost					
Cost of materials	3,414.1	3,524.1	3,580	3.2	1.5
Labour cost 2	997.7	1,033.6	1,054	3.6	2
Depreciation	191.5	204.4	206	6.7	1
of tangible fixed assets	169.7	177.3	181	4.5	2
Other 3	21.8	27.1	25	24.2	– 7.5
Interest paid	68.8	73.6	73.5	6.8	0
Taxes	183.6	190.2	193	3.6	1.5
on income and earnings 4	57.4	68.2	66.5	18.8	– 2.5
Other 5	126.2	122.0	126.5	– 3.3	3.5
of which Excise taxes	108.9	108.2	109	– 0.6	0.5
Other cost	752.4	794.1	841.5	5.5	6
of which Profit and loss transfers	37.7	41.2	43.5	9.3	5.5
Total cost	5,608.1	5,820.0	5,948	3.8	2
Profit for the year	101.0	112.7	113.5	11.6	0.5
Memo item					
Annual result 6	110.7	122.4	123.5	10.5	1
Annual result before taxes on income 7	168.1	190.6	189.5	13.4	– 0.5
Net interest paid	38.3	39.8	39	4.1	– 2
	as % of turnover			Change from previous year in percentage points	
Gross income 8	37.3	37.5	37.5	0.3	0
Annual result 6	2.0	2.2	2	0.2	0
Annual result before taxes on income 7	3.1	3.4	3.5	0.3	0
Net interest paid	0.7	0.7	0.5	0.0	0

* For 1997 expanded figures. 1998 and 1999: estimated figures, for 1999 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 profit/loss transfers. — **7** Taxes on income and earnings. — **8** Total output less cost of materials.

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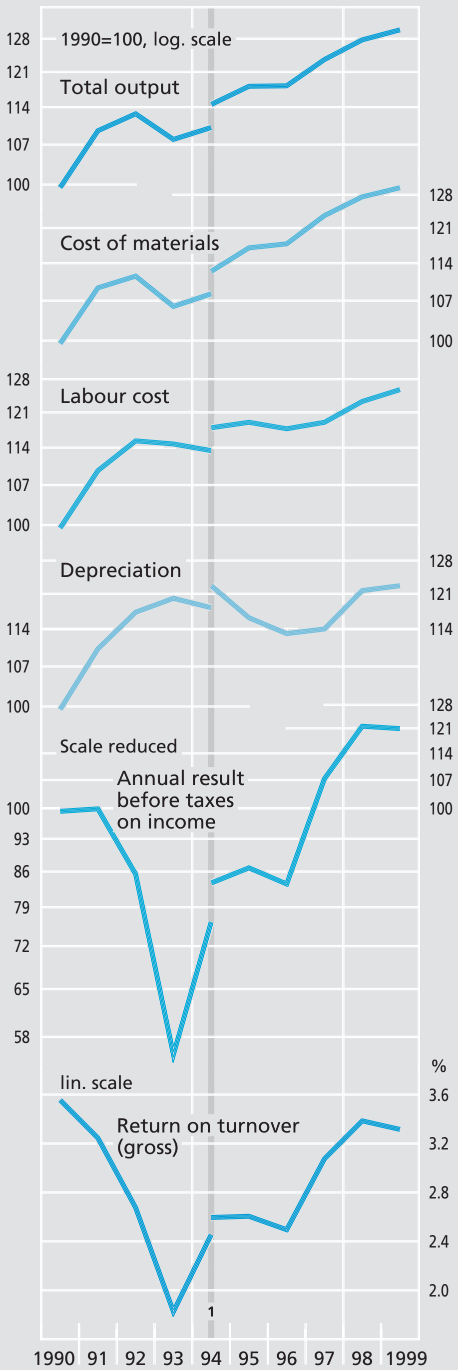
Selected indicators from the profit and loss accounts of west German enterprises



1 Statistical break caused by the change-over to the new system of Standard Industrial Classification SIC 93.

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recorded volume of contracts in progress. Profitability in the retail trade likewise worsened amid widespread fierce competition. The annual result before taxes on income dropped by 8½% after having already dwindled noticeably in 1998. The sub-sector's gross return on turnover sank as a result to the historical low of 1½% reached in 1995/96.

... in electricity, gas and water supply ...

By contrast, profitability rose in 1999 in the other west German economic sectors considered in this article. Thus the enterprises in the electricity, gas and water supply sector recorded an increase of 4% in their annual result before taxes on income. Their gross return on turnover improved by 1 percentage point to 11½%, not least on account of the decline in turnover. This indicates that the utilities' profit lead over other sectors, which has been apparent for a long time, widened further in 1999 – although it must be said that the return on turnover is not an unambiguous indicator when inter-sectoral comparisons are being made. On the other hand, the result after taxes was 4% lower than in 1998. With turnover falling by a greater margin, the net return on turnover increased marginally. The divergent trends in gross and net profits are explained by a sharp rise in income tax payments in connection with the more restrictive rules applying to the setting-up of provisions introduced by the 1999/2000/2002 Tax Relief Act. These new stricter rules stipulate that, as from the start of 1999, the provisions which utilities set up for contingent liabilities in connection with the closure of nuclear power stations must span a longer period and that provisions for reprocessing nuclear fuel rods may no longer be set up. The new rules also necessitated some retroactive accounting adjustments which led to additional tax payments.

... and in the wholesale trade and transport sector

The wholesale trade registered a marked improvement in earnings in 1999. Its annual result exceeded both the gross and net result in 1998 by 13½%. Even so, the gross return on turnover, at just under 2%, failed to match the comparable levels achieved in the early nineties. The higher profits were achieved against a backdrop of stagnating turnover and came for the most part from a big rise in income from non-operating business. Transport enterprises (excluding railways) likewise posted higher profits in 1999 (+ 4½% gross) on a moderate growth in their business volume. The positive earnings trend seen in this sector over the past few years is principally attributable to the air transport sub-sector, which comprises not only airlines but also firms which provide ancillary ground services.

Income and cost in detail

Total output

In line with the slower rate of macroeconomic growth described at the beginning of this article, the total output (which is made up of turnover plus changes in stocks of own products and other capitalised production) of the sectors of the west German economy examined here grew by no more than 1½% in 1999 (after 3½% a year earlier). This smaller expansion of business activity was particularly marked in the manufacturing sector, where total output grew by 2½% in 1999 compared with 7% and 4½% in the two preceding years, as well as in transport and retail trade. At first sight, the sharp decline in the total output of the electricity, gas and water supply sector (by 5½%) is logically consistent neither with the increase in production according to the official statistics (see page 21) nor with the utilities' higher annual result before taxes. This apparent contradiction is explained by the marked fall in the selling prices of electricity in 1999, which fell 4½% below the corresponding 1998 level (which itself had decreased slightly). These lower prices were caused mainly by greater competition following the deregulation of the electricity market.[5] In the construction sector the trend in total output, which in 1999 substantially outstripped the previous year's level, was likewise influenced by special factors. Whereas turnover decreased as expected, changes in stocks and other capitalised production increased distinctly.

Interest received, other income and total income

In 1999 interest received and other income (which are not part of the operating result) again grew more briskly than total output, with the result that total income was around 2% higher than in 1998. The weight of these two components in total income rose from 3% in the early seventies to 5½% in 1999. This mirrors the growing importance of firms' financial transactions. Interest received increased in 1999 by a fairly modest 2½% because the average rate of credit interest earned by firms receded slightly to 4%, despite the continuing dynamic growth of their stock of interest-bearing debtors and invest-

5 See Deutsche Bundesbank, The price effects of deregulation and privatisation in the product markets, Monthly Report, December 2000, pages 37ff.

ments. By contrast, other income exceeded its 1998 level by 12 %, with income from participating interests and extraordinary income growing especially strongly. The expansion of other income overwhelmingly benefited the manufacturing, utilities and wholesale trade sectors.

Total cost and other cost

Total cost went up in 1999 by a little more than total income, although the figure was likewise close to 2 %. However, the rise in costs did not affect all items across the board but was fuelled chiefly by other cost (+ 6 %); this item includes rents, research and development expenses, advertising costs and transfers to the special reserves. By contrast, the "classical" expenditure items tended to hold down the rise in total cost.

Cost of materials

For example, the aggregate cost of materials, which accounts for approximately 60 % of total cost, rose in line with total output by 1½ %. Disparate trends occurred in the individual sectors, however. In manufacturing and construction, for example, the trend towards a higher ratio of intermediate goods which first became apparent in the mid-nineties continued. This applies especially to motor vehicle manufacturing, where the ratio of the cost of materials to total output increased by 8 percentage points between 1994 – from which time results of the corporate balance sheet statistics are available according to the new Standard Industrial Classification (SIC '93) – and 1999. This reflects the advance of manufacturing strategies based on cheaper, lean production methods. In the construction sector the inter-plant division of labour made similar headway, though in this case increasingly involving the use of subcontractors. In the electricity, gas and water supply industry, on the other hand, the cost of materials declined further in relation to total output. A key factor in this was that the electricity grids which have a relatively small electricity generation capacity of their own or none at all were able, for the reasons mentioned earlier, to buy electricity for onward distribution at lower prices.

Labour cost

Labour cost grew at a rate of 2 % in 1999, i. e. faster than business activity; this weighed heavily on corporate profitability. The prime reason for this was that, in contrast to the basically moderate wage settlements in the preceding years, significantly higher wage and salary increases were agreed in the 1999 pay round. Only in the building trade was the increase smaller – on account of the persistently slack demand in the construction industry. Enterprises sought to counter the pressure to increase standard agreed pay rates by cutting back on voluntary benefits and making greater use of the flexibility options introduced into collective pay settlements in earlier years. While actual earnings consequently rose far less than agreed rates, in some cases they nevertheless exceeded the scope available for increasing pay without endangering employment. This remains true even after the lowering of employers' contributions to the statutory pension insurance fund as from April 1, 1999 is taken into account. Against this background, it is hardly surprising that the increase that had been registered in the number of persons employed in manufacturing in 1998 – the first for a long while – was followed in 1999 by a slight fall. The level of employment in the wholesale and retail trade trended slightly further upwards in the year under review, while in the transport sector it stagnated at a low level. Overall, however, jobs were shed at the year-on-year rate of ½%. This had the side-effect of holding down the rise in labour cost.

Depreciation

Depreciation charges, which had risen substantially in 1998, increased by a mere 1% in 1999. This moderate overall increase masks different trends in the depreciation of tangible fixed assets, on the one hand, and other depreciation (which mainly relates to components of current assets), on the other. While, at 2%, the depreciation of tangible fixed assets rose faster than aggregate depreciation, the increase was less than half as large as it had been in 1998. This reflects not least the weaker expansion of investment in machinery and equipment which, because such assets are often depreciated using the diminishing-balance method, has a noticeable impact on the consumption of fixed capital in the year of acquisition. By contrast, other depreciation decreased sharply in 1999 in virtually all the sectors under consideration. One likely reason for this is that the tax rules for writing down the going-concern value were made more restrictive. In addition, owing to the rise in raw material prices during 1999, stock depreciation was presumably smaller than in 1998, when commodity market prices had decreased considerably.

Interest paid

The cost situation of enterprises was also assisted by the fact that interest paid stagnated in the year under review, following a sharp rise in 1998. This is solely attributable to the decrease in the average interest rate payable by enterprises by ¼ percentage point to 5¼%. This was due to a fall in the debit interest rates charged by banks on average during 1999 for both short and long-term credit. By contrast, the stock of creditors incurring interest expanded in 1999 at the comparatively sharp rate of almost 6%. Given a combination of unchanged interest cost and rising interest income, net interest paid decreased by 2% compared with 1998.

Taxes

West German firms' tax payment burden increased by a fairly moderate 1½% in 1999, primarily because – as mentioned – income tax payments contracted (by 2½%) following two years of relatively sizeable rises. This is consistent with the decline in the annual result before taxes on income. The lower tax bill should also be seen in the context of the very sharp rise in 1998 – in relation to the growth of gross income. The changes in tax law which came into force in 1999 appear to have had little effect on balance on the tax burden of the enterprises examined here. It is true that the 1999/2000/2002 Tax Relief Act lowered the corporation tax rate payable on retained earnings at the start of 1999 from 45% to 40%. However, a number of additional burdens entered into effect at the same time which, at least in some industries, offset or even overcompensated for the relief effect. This particularly affected utilities, where the income tax bill was more than one-tenth higher on account of the tightening of the provisioning rules described above.

At first sight, the lower income tax expense of producing enterprises seems to be at odds with the steep increase in corporation tax receipts from the economy as a whole. But two things must be borne in mind. Firstly, that the additional burdens introduced by the 1999/2000/2002 Tax Relief Act – with the exception of the utilities – were concentrated on industries, such as insurance, which do not form part of the sample examined in this article. Secondly, the timing of accounting entries for tax payments may not coincide, for a number of reasons, with that of the actual payment flows to the tax office. For example, substantial amounts of tax were paid in 1999 in respect of the sharply increased profits posted in 1998; however, these tax costs had already been recorded in firms' profit and loss accounts for 1998.

The decrease in earnings-related taxes contrasted, however, with a marked increase (3½%) in "other taxes", an item which groups together all taxes that are not earnings-related. This development was connected primarily with the entry into force of the first stage of the "ecological tax reform" as of April 1, 1999. The electricity tax, which was levied for the first time in the year under review, and the increase in natural gas tax left their mark in the form of significantly higher tax costs for electricity and gas suppliers. Moreover, mineral oil processing enterprises transferred a far larger amount of mineral oil tax to the state than before owing to the increase in the tax rates applying to petrol and diesel fuel and to heating oil.

Sources and uses of funds

Funds generated from internal and ...

The total funds generated,[6] which serve to finance new fixed and current assets, fell by 2% from the exceptionally high level of 1998 in the sectors covered by this article. However, at DM 397½ billion, the aggregate amount of internal and external funds was far larger than between 1995 and 1997, when it had reached between DM 230 billion and DM 280 billion. The slight decline in the total sources of funds masks divergent developments regarding their internal and external generation. Enterprises generated 6% more from internal sources; hence the upward trend apparent since 1997 continued. The increase in 1999 was due first and foremost to higher capital increases from profits (and contributions to the capital of non-corporations), which were two-thirds above the corresponding totals in the previous year. That stands in contradiction, though, to the extremely modest growth of net profits. In reality, the capital increases are concentrated on just a few industries in the manufacturing sector, which points to the influence of exceptional factors. The internal sources of corporate funding were also reinforced by higher transfers to provisions, which were one-tenth larger than in 1998. On the other hand, "only" 1% more resources came from depreciation allowances, which are by far the most important component of internal financing.

... external sources

The amount of finance raised from external sources declined by 15% in 1999, but in a

6 The figures for the sources and uses of funds are subject to far greater uncertainty than those for the balance sheet and the profit and loss account.

longer-term comparison was still quite high. This can also be seen from the fact that during the year under review one-third of all funds raised were generated externally, as against between one-tenth and one-fifth in the years 1995 to 1997. One major factor in 1999 was that the very high level of external injection of capital recorded in 1998 was virtually halved. This decrease seems inconsistent with the general buoyant sales at that time of new shares, which increased by over two-fifths measured by market value. It should be borne in mind, however, that the equity issuance volume in 1999 was bloated by the very large offering of a single enterprise which does not belong to the sectors analysed in this study. According to the official statistics for the year 1999, the volume of that enterprise's capital increase alone virtually equalled the increase in the total issue value of new shares. In addition, flotations on the *Neuer Markt* increased substantially, but enterprises that go public via that capital market segment are mostly located in the services sector.

The demand from firms for new borrowed funds likewise contracted in 1999, although at 4% the decline was relatively moderate. The decrease related solely to the incurrence of long-term liabilities, whereas new short-term borrowing more or less matched the previous year's level. But the individual sectoral requirements for short-term credit, in particular, vary greatly. In manufacturing and the retail trade, for example, a far smaller amount of short-term funds were borrowed than in 1998. Other sectors, by contrast, had a great-

Sources and uses of enterprises' funds *

DM billion

Item	1997 1	1998	1999	Change from previous year 1998	Change from previous year 1999
Internal funds					
Capital increases from profits and contributions to the capital of unincorporated enterprises 2	17.2	15.7	26	– 1.6	10.5
Depreciation allowances (total) 3	191.5	204.4	206	12.9	1.5
Increase in provisions 4	20.7	30.1	33	9.4	3
Total	229.4	250.2	265	20.8	15
External funds					
Capital increases of incorporated enterprises 5	11.5	36.6	18.5	25.1	– 18
Change in creditors	35.5	118.7	114	83.2	– 4.5
Short-term	29.1	80.2	81	51.1	1
Long-term	6.5	38.5	33	32.0	– 5.5
Total	47.0	155.3	132.5	108.2	– 23
Sources of funds, total	276.4	405.4	397.5	129.0	– 8
Formation of tangible assets and stocks (gross asset formation)					
Increase in tangible fixed assets (gross) 6	196.7	217.7	200	21.0	– 17.5
Memo item					
Increase in tangible fixed assets (net) 6	27.0	40.4	19	13.4	– 21.5
Depreciation of tangible fixed assets	169.7	177.3	181	7.6	3.5
Change in stocks 7	4.8	42.3	19.5	37.5	– 23
Total	201.5	260.0	219.5	58.5	– 40.5
Acquisition of financial assets					
Change in cash 8	7.5	– 11.9	– 2	– 19.4	10
Change in debtors	45.9	79.6	102	33.7	22.5
Short-term	48.4	77.5	100	29.1	22.5
Long-term	– 2.5	2.1	2	4.6	0
Acquisition of investments	11.8	15.0	5.5	3.1	– 9.5
Acquisition of participating interests	9.7	62.8	73	53.1	10
Total	74.9	145.4	178.5	70.5	33
Uses of funds, total	276.4	405.4	397.5	129.0	– 8
Memo item					
Internal funds as % of gross asset formation	113.8	96.2	120.5	.	.

* For 1997 expanded figures. 1998 and 1999: estimated figures, for 1999 rounded to the nearest half or full DM billion. — 1 Comparability of expanded results for 1997 with those for the previous year impaired by restructuring measures at two large industrial firms. — 2 Partnerships, sole proprietorships and other legal forms, other than public or private limited companies. — 3 For fixed and current assets. — 4 Including balance of prepayments and deferred income less write-ups of tangible fixed assets. — 5 Funds raised by public and private limited companies by issuing shares and transfers to capital reserves. — 6 Including intangible assets less write-ups of tangible fixed assets. — 7 Including changes in contracts in progress. — 8 Notes and coins and bank balances.

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er need for additional short-term borrowed funds.

Structural shifts in asset acquisition

The use which firms made of the funds they generated in 1999 was characterised by a fall of 15½% in the acquisition of non-financial assets and a rise by almost one-quarter in the acquisition of financial assets. As a result, the share of funds used to acquire new financial assets increased further to 45%; in 1995 this share had amounted to no more than one-quarter. The weaker acquisition of non-financial assets was caused chiefly by the changed trend in stockbuilding, which absorbed less than half as much investment as in 1998. This may have been partly due to the fact that the robust economic upturn towards the end of 1999 may have depleted stocks faster than had been anticipated.

Breakdown of asset acquisition

The amounts allocated to acquiring new tangible fixed assets likewise contracted in 1999 compared with 1998. The decrease, which amounted to 8% for the totality of the enterprises included in this study, was associated mainly with the transport sector, the retail trade and the electricity, gas and water supply industry. The expenditure by utilities on tangible fixed assets in the second half of the nineties, taken as a whole, fell well short of the consumption of fixed capital, with the result that the book value of the stock of tangible fixed assets dwindled perceptibly. This was probably due not least to the high supply standard reached in Germany and to the uncertainty which prevailed for a long time concerning the future course of energy policy. By contrast, manufacturing firms maintained their nominal gross fixed asset formation more or less at the 1998 level. This is largely corroborated by the investor data from the Ifo Institute, according to which gross fixed asset formation in west German manufacturing industry rose only slightly at current prices (+ 2%). For the rest, firms' gross expenditure on new tangible fixed assets and stocks, though down on the year, clearly exceeded the corresponding depreciation total. This means that the capital stock (measured by the book values shown in the balance sheet), which had shrunk considerably between 1993 and 1996, expanded further in 1999.

The steep rise in the amount of funds invested in the acquisition of financial assets was used principally to increase short-term debtors. The resources channelled into the acquisition of participating interests were likewise increased substantially. This item has expanded strongly during the past few years, accounting for 41% of overall financial asset acquisition in 1999. By contrast, enterprises significantly curbed their expenditure on the acquisition of investments.

Balance sheet trends and key balance sheet ratios

Balance sheet total and assets side

At 5½%, the adjusted balance sheet total[7] expanded in 1999 only a little less strongly than in 1998. That appears to stand in a certain contradiction to the relatively weak growth of business activity. But on closer in-

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

spection it can be seen that expansion was fuelled above all by components in the financial sphere, which are less directly associated with production. On the assets side of the balance sheet, for example, participating interests were stepped up by 15½%, i.e. even more than in 1998. There was another sharp increase as well in debtors – and in creditors on the liabilities side – in respect of affiliated enterprises, which usually have a fairly loose connection with operating business. The total stock of financial assets grew by 8½%. By contrast, the stock of non-financial assets exceeded the previous year's level by "only" 2½%; it had expanded by as much as 5½% in 1998.

Level of own funds

In order to finance this further substantial expansion of assets, firms increased their own funds by 7% and their borrowed funds by just under 5½%. The (vertical) own funds ratio rose slightly to 19% on account of the relatively generous reinforcement of liable capital, mainly in the form of transfers to the reserves. Consequently, the own funds ratio improved by 1½ percentage points compared with its last low in 1994 and reached its highest level since 1987/88. The provision with owns funds grew particularly strongly in manufacturing; its ratio climbed to 25½%, which matched the level last seen in 1976/77. The wholesale and retail trade, too, strengthened its traditionally rather weak capital base. While the electricity, gas and water supply sector recorded a lowering of its own funds level – in relation to the balance sheet total – it nevertheless registered a comfortable capital share of 23½%. On the other hand, the situation in the construction sector,

Enterprises' balance sheet *

Item	1997	1998	1999	1998	1999
	DM billion			Change from previous year in %	
Assets					
Non-financial assets	1,543.2	1,627.0	1,666	5.4	2.5
Tangible fixed assets 1	788.7	830.2	849.5	5.3	2.5
Stocks 2	754.5	796.8	816	5.6	2.5
Financial assets	1,660.0	1,778.3	1,932	7.1	8.5
Cash 3	170.4	158.5	156.5	– 7.0	– 1.5
Debtors	1,032.7	1,099.2	1,189	6.4	8
Short-term	952.6	1,017.0	1,105	6.8	8.5
Long-term	80.1	82.2	84	2.6	2
Investments	102.3	115.1	118.5	12.5	3
Participating interests	354.6	405.6	467.5	14.4	15.5
Prepayments	13.8	14.1	14.5	2.1	3
Total assets = balance sheet total 4	3,217.0	3,419.4	3,612.5	6.3	5.5
Liabilities					
Own funds 4, 5	586.0	638.3	683.5	8.9	7
Borrowed funds	2,618.6	2,768.0	2,914.5	5.7	5.5
Creditors	1,909.0	2,027.6	2,141.5	6.2	5.5
Short-term	1,440.7	1,520.8	1,601.5	5.6	5.5
Long-term	468.3	506.8	540	8.2	6.5
Provisions 5	709.7	740.3	773	4.3	4.5
of which Provisions for pensions	292.9	314.8	338.5	7.5	7.5
Deferred income	12.3	13.2	14.5	7.1	10
Total liabilities = balance sheet total 4	3,217.0	3,419.4	3,612.5	6.3	5.5
Memo items					
Turnover	5,429.1	5,596.2	5,678	3.1	1.5
do. as % of balance sheet total	168.8	163.7	157	.	.

* For 1997 expanded figures. 1998 and 1999: estimated figures, for 1999 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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Ratios relating to enterprises' assets and liabilities structure *

Item	1997	1998	1999
	as % of balance sheet total 1		
Tangible fixed assets 2	24.5	24.3	23.5
Stocks 3	23.5	23.3	22.5
Short-term debtors	29.6	29.7	30.5
Long-term liabilities 4	42.6	43.4	44
of which Own funds 1	18.2	18.7	19
Short-term creditors	44.8	44.5	44.5
	as % of tangible fixed assets 2		
Own funds 1	74.3	76.9	80.5
Long-term liabilities 4	173.6	178.6	186.5
	as % of fixed assets 5		
Long-term liabilities 4	109.1	109.2	109.5
	as % of short-term creditors		
Liquidities 6 and short-term debtors	82.9	82.3	83.5
	as % of borrowed funds 7		
Internally generated funds 8	13.2	13.7	13

* For 1997 expanded figures, 1998 and 1999: estimated figures, for 1999 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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where the erosion of the capital base that has been apparent for quite some time continued, merits a critical assessment. The sector's ratio of own funds to total liabilities slipped to under 4 % in 1999, its lowest level since the first half of the eighties.

Liabilities and financing structures

The nonetheless very sound overall financing position of west German enterprises in 1999 is also reflected in other key ratios relating to their assets and liabilities structure. Thus the ratio of long-term liabilities to total fixed assets reached 109½ %, which was even higher than in the preceding years. The short-term financing situation likewise improved again; thus the coverage ratio of liquidities plus short-term debtors to short-term creditors attained a new peak of 83½ %. The ratio of internally generated funds (cash flow) to borrowed funds (creditors plus provisions) stood at 13 % in the year under review. Although this was a little less than in 1998 (13½ %), the ratio – which is an indicator of an enterprise's capacity to repay its debts – was still rather high if compared with the years 1993 to 1996.

Overall soundness of corporate profitability and financing

While the difficult overall economic climate in 1999 had a certain negative impact on the earnings trend, it did not noticeably impair the profitability of west German enterprises. This is attested by the fact that the return on turnover both before and after tax remained relatively high. Firms' financing position remained unproblematical on balance; in some cases the liabilities and financing structures improved further. The economic climate in the year 2000, for which representative data based on the corporate balance sheet statistics are not yet available, was very buoyant on the whole. As a result – based on national accounts data – the profits of non-financial corporations rose by 8 %, despite the burdens imposed by the severe deterioration in the terms of trade caused essentially by the oil price shock and the depreciation of the euro. In 2001 economic growth will probably turn out to be distinctly lower than last year; even so, the outlook for corporate profits is far from unfavourable. The improvement in the terms of trade that has now begun, comprehensive tax relief measures and largely stable unit labour costs are creating ample scope for a positive earnings trend.

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
	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
I. Balance sheet											
Assets											
Tangible fixed assets 3	788.7	830.2	360.1	377.3	48.8	50.3	5.2	5.5	1.6	1.7	9.3
Stocks 4	754.5	796.8	322.6	345.7	25.6	26.2	6.7	7.1	5.1	5.3	7.6
of which											
Raw materials and consumables	104.0	109.9	81.1	85.6	7.6	8.1	1.9	2.0	1.4	1.5	2.3
Work in progress	120.9	121.6	92.2	91.9	2.2	2.4	1.4	1.4	0.6	0.6	1.1
Finished goods, goods for resale	406.0	433.1	118.9	129.2	15.6	15.5	3.3	3.6	3.0	3.1	3.6
Non-financial assets	1,543.2	1,627.0	682.8	723.0	74.3	76.5	11.9	12.6	6.7	6.9	16.9
Cash 5	170.4	158.5	88.8	79.8	6.0	6.1	0.9	1.0	0.7	0.6	1.0
Debtors	1,032.7	1,099.2	503.8	546.2	43.0	46.9	7.2	7.5	4.6	4.8	6.6
Short-term	952.6	1,017.0	464.8	508.1	37.4	40.9	6.5	6.8	4.4	4.4	6.0
of which											
Trade debtors	476.4	483.0	209.7	212.2	20.0	19.9	4.2	4.3	2.5	2.5	4.1
Long-term	80.1	82.2	38.9	38.2	5.6	6.0	0.7	0.7	0.3	0.3	0.6
Investments	102.3	115.1	49.1	54.8	1.6	1.9	0.1	0.1	0.0	0.0	0.1
Participating interests	354.6	405.6	234.7	262.9	14.6	15.8	1.2	1.5	0.7	0.9	0.7
Financial assets	1,660.0	1,778.3	876.4	943.8	65.3	70.6	9.4	10.1	6.1	6.3	8.4
Prepayments	13.8	14.1	4.0	4.4	0.4	0.4	0.1	0.1	0.0	0.1	0.1
Balance sheet total 6	3,217.0	3,419.4	1,563.2	1,671.2	140.0	147.5	21.4	22.8	12.9	13.3	25.5
Liabilities											
Own funds 7, 8	586.0	638.3	375.9	410.8	29.7	30.3	4.6	5.3	2.6	2.8	2.5
Creditors	1,909.0	2,027.6	765.8	826.2	87.6	93.7	13.5	14.1	8.9	9.2	20.8
Short-term	1,440.7	1,520.8	589.0	634.2	60.4	63.0	9.4	9.7	6.6	6.9	12.6
of which											
to credit institutions	289.2	313.4	99.9	106.9	13.8	15.0	2.5	2.6	2.0	2.3	4.0
Trade creditors	429.0	432.2	152.9	156.4	23.9	22.9	3.2	3.2	2.3	2.2	4.4
Long-term	468.3	506.8	176.8	191.9	27.2	30.7	4.1	4.4	2.3	2.3	8.2
of which											
to credit institutions	295.1	326.1	102.8	117.2	20.1	23.9	2.3	2.6	1.1	1.1	6.3
Provisions 8	709.7	740.3	418.2	430.6	22.5	23.5	3.2	3.4	1.3	1.3	2.1
of which											
Provisions for pensions	292.9	314.8	206.4	219.9	9.0	9.5	1.6	1.7	0.5	0.5	0.7
Borrowed funds	2,618.6	2,768.0	1,183.9	1,256.7	110.2	117.2	16.7	17.6	10.2	10.5	22.9
Deferred income	12.3	13.2	3.4	3.7	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Balance sheet total 6	3,217.0	3,419.4	1,563.2	1,671.3	140.0	147.6	21.4	22.8	12.9	13.3	25.5
II. Profit and loss account											
Turnover	5,429.1	5,596.2	2,435.0	2,538.1	277.1	275.5	37.1	38.9	27.1	28.0	43.7
Change in stocks of own products 9	9.6	28.2	5.2	15.5	0.1	0.3	0.1	0.1	0.3	0.1	0.3
Total output	5,438.8	5,624.4	2,440.3	2,553.5	277.2	275.8	37.1	39.0	27.4	28.1	44.0
Interest received	30.6	33.7	16.0	18.1	1.0	1.1	0.2	0.2	0.1	0.1	0.1
Other income	239.8	274.6	125.0	150.6	10.6	11.7	1.6	1.9	0.9	1.2	1.2
Total income	5,709.2	5,932.8	2,581.3	2,722.2	288.9	288.7	38.9	41.1	28.4	29.4	45.4
Cost of materials	3,414.1	3,524.1	1,314.5	1,383.7	176.7	174.4	21.0	22.3	17.1	17.7	23.8
Labour cost 10	997.7	1,033.6	551.3	572.6	37.4	37.9	9.2	9.5	5.0	5.0	11.1
Depreciation	191.5	204.4	100.6	109.5	11.3	11.4	1.5	1.5	0.5	0.6	2.1
of tangible fixed assets	169.7	177.3	90.2	94.3	10.5	10.3	1.3	1.4	0.4	0.4	1.9
Other 11	21.8	27.1	10.4	15.1	0.8	1.0	0.2	0.2	0.1	0.2	0.2
Interest paid	68.8	73.6	28.4	30.8	3.4	3.4	0.6	0.6	0.3	0.4	1.0
Taxes	183.6	190.2	132.5	137.6	7.8	7.4	0.4	0.4	0.3	0.3	0.4
on income and earnings 12	57.4	68.2	32.6	38.4	2.2	2.3	0.4	0.4	0.3	0.3	0.3
Other 13	126.2	122.0	99.9	99.2	5.6	5.1	0.1	0.0	0.0	0.0	0.1
of which: Excise taxes	108.9	108.2	86.9	88.3	2.8	3.0	0.0	0.0	0.0	0.0	0.0
Other cost	752.4	794.1	393.3	419.8	47.4	48.9	5.7	6.1	4.5	4.8	6.3
Total cost	5,608.1	5,820.0	2,520.7	2,654.0	283.9	283.4	38.4	40.4	27.8	28.7	44.6
Profit for the year 14	101.0	112.7	60.6	68.2	5.0	5.3	0.5	0.7	0.6	0.7	0.8
Annual result before taxes on income 15	168.1	190.6	97.1	109.2	7.7	8.6	1.2	1.4	1.1	1.1	1.1

* 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, in 1998 estimated by extrapolating the trend of expanded results for a cylindered sample of annual accounts data for 1997 and 1998 (see also page 22). — **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,

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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-metallic mineral products		
1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	Item
											I. Balance sheet
											Assets
9.2	14.8	16.7	19.3	20.0	40.1	43.2	13.7	14.8	21.4	22.5	Tangible fixed assets [3]
7.8	6.5	6.9	9.6	10.0	27.4	29.6	9.0	9.6	10.4	11.7	Stocks [4]
											of which
2.3	2.7	2.7	2.2	2.3	7.3	7.7	2.8	3.0	2.6	2.9	Raw materials and consumables
1.2	0.8	0.8	2.3	2.3	6.8	6.3	1.5	1.8	1.8	2.0	Work in progress
3.8	2.9	3.4	4.8	5.2	13.2	15.5	4.5	4.7	5.4	6.1	Finished goods, goods for resale
17.1	21.3	23.6	28.9	30.0	67.6	72.8	22.7	24.4	31.8	34.2	Non-financial assets
1.1	2.1	2.6	4.7	5.6	8.3	4.6	2.5	2.1	4.1	3.6	Cash [5]
6.4	9.8	11.0	24.4	25.4	59.1	64.4	15.4	16.6	14.8	18.0	Debtors
5.9	8.9	10.1	22.0	23.0	51.7	59.6	14.5	15.5	13.3	15.7	Short-term
											of which
3.9	5.1	4.9	11.5	11.9	20.3	19.1	7.7	7.9	6.0	6.0	Trade debtors
0.6	0.9	1.0	2.4	2.4	7.4	4.8	0.9	1.1	1.5	2.4	Long-term
0.2	0.6	0.9	1.5	0.7	5.7	5.3	0.2	0.3	0.4	0.5	Investments
0.7	4.2	4.9	5.3	5.8	66.7	81.5	4.2	7.0	5.6	6.1	Participating interests
8.4	16.6	19.4	35.9	37.5	139.8	155.8	22.2	25.9	24.8	28.2	Financial assets
0.1	0.1	0.1	0.4	0.4	0.2	0.2	0.1	0.2	0.2	0.2	Prepayments
25.6	38.0	43.1	65.2	67.9	207.6	228.9	45.0	50.5	56.8	62.6	Balance sheet total [6]
											Liabilities
2.1	9.8	11.9	10.2	10.4	75.6	80.5	10.8	11.7	13.4	15.1	Own funds [7, 8]
21.4	21.3	23.2	38.0	40.4	71.2	83.9	26.3	30.4	31.3	35.1	Creditors
12.8	12.7	14.1	26.3	27.8	59.5	72.0	18.7	20.5	21.2	23.7	Short-term
											of which
3.8	3.1	3.4	5.2	5.4	5.3	5.4	4.1	4.4	5.0	5.7	to credit institutions
4.0	3.8	3.8	8.8	9.6	12.0	12.5	4.7	4.9	4.9	4.8	Trade creditors
8.6	8.6	9.1	11.8	12.5	11.7	11.9	7.6	9.9	10.1	11.4	Long-term
											of which
6.5	5.0	5.2	7.8	8.3	4.0	5.5	5.0	7.2	6.7	7.5	to credit institutions
2.0	7.0	8.0	16.3	16.4	60.4	64.1	7.8	8.4	12.1	12.5	Provisions [8]
											of which
0.6	3.5	3.9	9.1	9.3	36.7	40.7	3.4	3.7	5.0	5.5	Provisions for pensions
23.4	28.2	31.2	54.4	56.8	131.6	148.0	34.1	38.8	43.4	47.5	Borrowed funds
0.0	0.0	0.0	0.7	0.7	0.4	0.4	0.0	0.0	0.0	0.0	Deferred income
25.5	38.0	43.1	65.2	67.9	207.6	228.9	45.0	50.5	56.8	62.6	Balance sheet total [6]
											II. Profit and loss account
43.9	58.1	62.0	114.2	113.7	227.6	236.3	78.5	84.0	74.0	75.2	Turnover
0.4	0.1	0.2	0.4	0.5	0.1	0.4	0.3	0.4	0.1	0.3	Change in stocks of own products [9]
44.3	58.2	62.3	114.6	114.2	227.7	236.7	78.8	84.4	74.1	75.5	Total output
0.1	0.2	0.3	0.7	0.7	1.9	2.3	0.2	0.3	0.4	0.5	Interest received
1.2	2.5	3.3	6.6	7.5	16.7	22.0	3.3	3.4	4.6	5.8	Other income
45.6	60.9	65.8	121.9	122.4	246.2	260.9	82.3	88.1	79.1	81.8	Total income
24.2	30.9	32.6	46.0	46.8	110.5	114.9	40.6	43.9	33.0	33.3	Cost of materials
10.9	12.6	13.3	35.3	35.0	50.2	54.7	20.5	21.7	20.3	20.7	Labour cost [10]
2.1	3.2	3.5	6.2	6.1	12.3	12.8	3.8	4.0	5.2	5.4	Depreciation
1.9	3.0	3.1	5.1	5.4	11.2	11.4	3.6	3.6	4.8	5.0	of tangible fixed assets
0.3	0.2	0.4	1.1	0.7	1.1	1.4	0.3	0.3	0.4	0.4	Other [11]
1.0	0.9	1.0	1.7	1.8	2.9	4.0	1.0	1.1	1.3	1.4	Interest paid
0.4	1.0	1.0	2.0	2.2	6.5	4.8	1.1	1.2	1.4	1.3	Taxes
0.3	0.9	1.0	1.9	2.1	6.1	4.6	1.0	1.1	1.2	1.2	on income and earnings [12]
0.1	0.1	0.1	0.2	0.1	0.4	0.2	0.1	0.1	0.2	0.1	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
6.3	11.0	12.0	27.4	27.2	54.5	56.7	13.3	14.4	15.9	17.0	Other cost
44.9	59.5	63.4	118.7	119.1	236.8	247.8	80.4	86.2	77.0	79.0	Total cost
0.7	1.4	2.4	3.2	3.3	9.4	13.1	1.9	1.9	2.0	2.8	Profit for the year [14]
1.0	2.8	3.6	6.1	6.1	17.4	19.3	3.2	3.6	3.8	4.5	Annual result before taxes on income [15]

reserves and profit 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
	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
I. Balance sheet											
Assets											
Tangible fixed assets 3	18.9	18.4	25.3	27.4	35.2	37.6	22.5	21.8	8.2	8.5	46.9
Stocks 4	14.1	14.1	25.9	28.2	67.6	68.9	33.8	31.7	11.7	12.6	25.7
of which											
Raw materials and consumables	4.4	4.3	6.2	6.4	13.9	14.7	7.2	7.2	3.0	3.3	6.3
Work in progress	4.9	5.0	8.5	9.1	30.0	28.8	7.0	6.8	3.9	4.2	8.3
Finished goods, goods for resale	4.5	4.7	8.2	9.1	13.9	16.5	9.6	9.4	3.9	4.2	10.5
Non-financial assets	33.0	32.4	51.2	55.6	102.8	106.5	56.3	53.5	19.9	21.1	72.5
Cash 5	1.8	2.5	5.1	5.2	12.0	13.3	5.0	5.0	2.0	2.2	20.6
Debtors	22.2	21.8	29.1	31.7	79.2	86.0	53.7	53.5	16.8	18.1	60.4
Short-term	20.2	18.5	26.6	29.0	76.1	82.3	51.3	51.1	14.6	16.7	56.5
of which											
Trade debtors	9.8	9.2	15.9	16.7	37.2	38.1	22.0	20.9	7.0	7.4	14.1
Long-term	2.1	3.3	2.5	2.7	3.1	3.6	2.4	2.4	2.2	1.5	3.9
Investments	0.5	0.7	0.7	1.3	4.7	5.6	16.9	18.3	0.1	0.2	9.4
Participating interests	11.2	10.1	4.7	6.1	22.5	23.6	30.3	30.4	3.7	5.7	38.4
Financial assets	35.7	35.2	39.6	44.3	118.3	128.5	106.0	107.2	22.6	26.2	128.8
Prepayments	0.1	0.2	0.4	0.4	0.6	0.7	0.2	0.2	0.1	0.1	0.3
Balance sheet total 6	68.9	67.8	91.2	100.3	221.7	235.6	162.5	160.9	42.6	47.4	201.6
Liabilities											
Own funds 7, 8	20.6	21.0	15.0	16.8	47.3	56.5	41.9	41.3	9.9	11.1	48.5
Creditors	29.6	28.4	61.6	67.3	120.6	121.6	69.4	70.1	21.1	23.9	59.8
Short-term	21.4	20.5	42.4	46.5	100.0	99.7	59.1	59.2	15.5	17.5	52.0
of which											
to credit institutions	3.5	3.1	9.8	11.2	12.5	13.6	6.4	6.1	4.3	5.4	6.1
Trade creditors	5.9	5.4	11.3	11.5	18.8	19.5	10.2	10.8	3.3	3.5	19.8
Long-term	8.2	7.9	19.2	20.8	20.6	21.9	10.3	10.8	5.6	6.4	7.8
of which											
to credit institutions	3.7	3.7	11.8	13.2	10.6	11.9	4.5	5.0	3.1	3.7	2.9
Provisions 8	18.6	18.3	14.5	16.1	53.7	57.4	51.1	49.4	11.6	12.3	92.9
of which											
Provisions for pensions	10.5	10.5	6.7	7.5	23.5	26.1	25.2	24.8	6.8	7.4	43.8
Borrowed funds	48.3	46.7	76.1	83.4	174.3	179.0	120.5	119.4	32.7	36.3	152.7
Deferred income	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4
Balance sheet total 6	68.9	67.7	91.2	100.3	221.7	235.6	162.5	160.9	42.6	47.4	201.6
II. Profit and loss account											
Turnover	105.8	104.5	150.1	162.3	297.5	323.0	197.3	200.7	56.3	59.1	357.8
Change in stocks of own products 9	0.4	1.0	0.9	1.4	0.4	2.2	0.0	0.9	0.5	0.9	0.5
Total output	106.2	105.5	151.1	163.7	298.0	325.1	197.3	201.6	56.8	60.0	358.3
Interest received	0.4	0.5	0.5	0.6	1.9	2.2	2.9	3.4	0.3	0.3	3.1
Other income	5.5	5.9	5.8	6.2	15.2	17.4	11.0	12.9	3.3	3.7	19.6
Total income	112.2	111.9	157.4	170.5	315.1	344.7	211.2	217.9	60.4	64.0	380.9
Cost of materials	68.2	66.4	69.5	76.1	151.0	167.7	114.1	116.4	25.4	27.6	234.3
Labour cost 10	22.9	22.9	48.4	51.5	89.1	94.5	53.8	52.3	19.4	20.1	73.4
Depreciation	4.3	4.3	6.8	7.3	10.1	11.7	7.7	9.3	2.2	2.3	16.4
of tangible fixed assets	4.1	3.9	6.2	6.7	8.6	9.3	6.7	6.9	1.9	2.0	14.6
Other 11	0.2	0.3	0.6	0.7	1.5	2.3	1.0	2.4	0.3	0.3	1.7
Interest paid	1.1	1.2	2.4	2.5	3.6	3.7	2.9	2.9	0.9	0.9	2.1
Taxes	1.0	1.3	2.1	2.3	4.2	5.6	2.6	1.8	0.9	0.9	5.6
on income and earnings 12	0.9	1.2	1.9	2.2	3.8	5.4	2.3	1.7	0.8	0.8	5.2
Other 13	0.2	0.1	0.2	0.2	0.4	0.2	0.3	0.1	0.1	0.0	0.4
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	12.8	12.7	23.3	25.4	47.2	52.6	24.6	32.6	10.1	10.7	45.0
Total cost	110.4	108.8	152.5	165.2	305.2	335.8	205.5	215.4	58.9	62.4	376.8
Profit for the year 14	1.7	3.1	4.9	5.3	10.0	8.9	5.7	2.5	1.6	1.6	4.2
Annual result before taxes on income 15	2.8	4.5	7.2	7.6	13.4	16.0	8.0	4.5	2.2	2.4	8.2

* 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, in 1998 estimated by extrapolating the trend of expanded results for a cylindered sample of annual accounts data for 1997 and 1998 (see also page 22). — **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

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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)		
1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	Item
											I. Balance sheet
											Assets
47.8	140.2	140.9	42.1	43.0	70.4	73.0	81.2	85.1	77.0	92.6	Tangible fixed assets [3]
27.2	7.9	7.6	126.8	128.1	129.2	132.1	162.4	177.4	2.3	2.4	Stocks [4]
											of which
6.9	4.6	4.3	5.9	6.4	5.8	6.2	4.2	5.0	1.2	1.3	Raw materials and consumables
8.1	0.5	0.5	24.1	25.1	2.2	2.6	1.4	1.2	0.2	0.3	Work in progress
11.5	1.9	1.3	10.9	10.8	116.2	119.0	155.9	170.2	0.6	0.6	Finished goods, goods for resale
75.0	148.1	148.5	168.9	171.1	199.5	205.2	243.7	262.6	79.3	94.9	Non-financial assets
17.1	9.8	8.9	17.8	18.2	27.1	26.5	15.8	15.3	9.9	7.7	Cash [5]
68.0	69.3	70.9	86.9	85.4	212.2	221.1	93.8	102.5	45.3	51.0	Debtors
64.6	61.7	62.7	81.2	77.9	202.1	211.1	87.4	96.2	39.6	44.2	Short-term
											of which
14.5	22.2	23.3	49.1	47.8	126.3	125.8	46.2	49.2	20.5	21.5	Trade debtors
3.3	7.5	8.1	5.7	7.5	10.1	10.0	6.4	6.3	5.7	6.8	Long-term
11.9	38.6	44.0	7.6	6.6	2.6	2.7	0.8	0.9	2.1	4.7	Investments
38.0	54.3	63.6	7.0	7.6	28.7	34.9	13.8	16.9	8.0	10.0	Participating interests
135.0	172.0	187.5	119.4	117.8	270.7	285.2	124.3	135.6	65.3	73.5	Financial assets
0.3	1.0	0.9	3.6	3.4	1.5	1.5	1.7	1.7	1.7	1.8	Prepayments
210.3	321.1	336.8	291.9	292.4	471.7	491.8	369.6	399.9	146.3	170.3	Balance sheet total [6]
											Liabilities
57.1	78.4	83.0	14.6	15.0	71.3	76.6	11.7	14.1	23.4	28.9	Own funds [7, 8]
59.9	112.7	118.1	244.9	246.8	353.8	367.5	323.9	348.7	93.1	103.3	Creditors
52.0	64.9	67.2	206.4	206.8	288.1	295.9	226.9	246.2	55.6	59.6	Short-term
											of which
4.6	5.3	6.3	28.7	29.9	66.6	71.7	74.0	83.6	13.5	12.8	to credit institutions
20.5	12.5	11.1	41.0	40.9	111.7	108.6	89.1	93.8	19.4	20.6	Trade creditors
8.0	47.8	50.9	38.5	40.1	65.7	71.7	97.0	102.4	37.5	43.7	Long-term
											of which
3.1	22.9	24.2	29.1	29.7	39.2	43.0	71.1	76.6	27.2	31.4	to credit institutions
92.8	124.4	129.8	32.1	30.2	45.7	46.8	33.2	36.0	28.6	36.8	Provisions [8]
											of which
45.3	29.0	31.6	8.2	8.5	17.4	18.5	13.5	14.5	12.6	15.0	Provisions for pensions
152.7	237.1	247.9	277.0	277.0	399.5	414.3	357.1	384.7	121.7	140.1	Borrowed funds
0.4	5.6	5.9	0.4	0.4	0.9	0.9	0.8	1.1	1.2	1.3	Deferred income
210.3	321.1	336.8	291.9	292.4	471.7	491.8	369.6	399.9	146.3	170.3	Balance sheet total [6]
											II. Profit and loss account
389.1	214.5	214.2	357.6	348.9	1,254.7	1,258.7	937.7	983.9	186.7	208.6	Turnover
0.9	1.3	1.3	2.4	10.3	0.3	0.8	0.3	0.1	0.2	0.2	Change in stocks of own products [9]
390.0	215.8	215.5	360.0	359.2	1,255.0	1,259.6	938.0	984.0	186.9	208.8	Total output
3.4	4.0	4.4	1.9	2.0	4.6	4.8	2.4	2.4	1.1	1.4	Interest received
24.1	12.5	15.5	14.2	14.0	34.6	36.7	26.5	27.4	19.6	24.1	Other income
417.5	232.3	235.5	376.1	375.2	1,294.2	1,301.0	966.9	1,013.8	207.6	234.3	Total income
262.0	135.3	133.1	184.0	184.2	1,014.3	1,016.4	671.8	706.8	76.6	82.6	Cost of materials
75.6	30.0	32.2	120.6	119.2	106.0	109.0	121.4	125.5	55.7	61.1	Labour cost [10]
18.4	18.6	19.6	13.7	13.2	19.8	20.1	17.8	19.2	16.5	19.8	Depreciation
15.4	18.1	18.3	10.9	10.7	14.5	14.7	16.1	17.3	15.8	18.6	of tangible fixed assets
3.0	0.5	1.4	2.8	2.5	5.2	5.4	1.7	1.9	0.7	1.2	Other [11]
2.3	3.2	3.5	6.1	6.1	12.3	13.0	14.0	14.9	4.2	4.6	Interest paid
9.3	11.3	12.7	2.7	2.5	21.5	18.8	8.7	9.4	2.7	5.4	Taxes
9.1	10.0	11.7	2.0	2.0	6.5	6.5	3.3	3.7	1.7	4.5	on income and earnings [12]
0.2	1.3	1.0	0.7	0.6	15.0	12.3	5.4	5.8	1.0	0.9	Other [13]
0.0	0.6	0.7	0.0	0.0	13.9	11.7	4.7	5.1	0.0	0.0	of which: Excise taxes
43.9	27.6	28.4	46.8	45.8	108.0	111.2	119.1	125.5	47.0	52.7	Other cost
411.5	226.1	229.5	374.0	371.0	1,281.9	1,288.6	952.9	1,001.3	202.7	226.1	Total cost
6.1	6.1	6.0	2.2	4.2	12.3	12.4	14.0	12.6	4.9	8.2	Profit for the year [14]
12.7	20.5	23.0	4.4	6.9	21.8	21.6	18.2	17.2	1.9	7.7	Annual result before taxes on income [15]

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.

Selected ratios *

Item	All enterprises 1 1997	All enterprises 1 1998	Manufacturing 1997	Manufacturing 1998	of which: Manufacture of food products and beverages 1997	Manufacture of food products and beverages 1998	Manufacture of textiles 1997	Manufacture of textiles 1998	Manufacture of textile products 1997	Manufacture of textile products 1998	Manu- of wood wood 1997
I. Balance sheet ratios											% of balance sheet total (adjusted)
Assets											
Tangible fixed asets 3	24.5	24.3	23.0	22.6	34.8	34.1	24.5	24.3	12.8	12.6	36.5
Stocks 4	23.5	23.3	20.6	20.7	18.3	17.8	31.4	31.0	39.7	39.4	29.9
Cash 5	5.3	4.6	5.7	4.8	4.3	4.1	4.0	4.5	5.1	4.7	3.9
Debtors	32.1	32.1	32.2	32.7	30.7	31.8	33.7	33.0	36.2	35.6	25.8
Short-term	29.6	29.7	29.7	30.4	26.7	27.7	30.5	29.9	33.9	33.3	23.5
Long-term	2.5	2.4	2.5	2.3	4.0	4.1	3.1	3.1	2.3	2.3	2.2
Investments	3.2	3.4	3.1	3.3	1.2	1.3	0.5	0.5	0.1	0.1	0.6
Participating interests	11.0	11.9	15.0	15.7	10.4	10.7	5.7	6.4	5.8	7.0	2.9
Liabilities											
Own funds (adjusted) 6	18.2	18.7	24.0	24.6	21.2	20.5	21.7	23.0	20.4	21.0	9.9
Creditors	59.3	59.3	49.0	49.4	62.6	63.5	63.3	62.0	69.1	69.4	81.7
Short-term	44.8	44.5	37.7	37.9	43.2	42.7	44.1	42.5	51.5	52.0	49.3
Long-term	14.6	14.8	11.3	11.5	19.4	20.8	19.2	19.5	17.6	17.3	32.3
Provisions 6	22.1	21.6	26.7	25.8	16.1	15.9	15.0	15.1	10.4	9.7	8.4
of which: Provisions for pensions	9.1	9.2	13.2	13.2	6.4	6.5	7.3	7.3	3.8	3.9	2.6
Memo item: Turnover	168.8	163.6	155.8	151.9	197.9	186.8	173.3	170.5	211.1	210.0	171.8
II. Profit and loss account ratios											% of total output
Turnover	99.8	99.5	99.8	99.4	100.0	99.9	99.8	99.8	98.8	99.6	99.4
Change in stocks of own products 7	0.2	0.5	0.2	0.6	0.0	0.1	0.2	0.2	1.2	0.4	0.6
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	0.6	0.4	0.3	0.3
Other income	4.4	4.9	5.1	5.9	3.8	4.3	4.4	4.8	3.1	4.2	2.8
Total income	105.0	105.5	105.8	106.6	104.2	104.7	104.9	105.4	103.5	104.5	103.1
Cost of materials	62.8	62.7	53.9	54.2	63.7	63.2	56.6	57.1	62.2	62.8	54.1
Labour cost 8	18.3	18.4	22.6	22.4	13.5	13.7	24.7	24.4	18.3	17.9	25.2
Depreciation of tangible fixed assets	3.1	3.2	3.7	3.7	3.8	3.7	3.5	3.6	1.3	1.4	4.3
Other depreciation 9	0.4	0.5	0.4	0.6	0.3	0.4	0.4	0.4	0.5	0.6	0.4
Interest paid	1.3	1.3	1.2	1.2	1.2	1.2	1.6	1.7	1.3	1.4	2.2
Taxes	3.4	3.4	5.4	5.4	2.8	2.7	1.2	1.0	1.2	1.0	0.9
on income and earnings 10	1.1	1.2	1.3	1.5	0.8	0.8	1.0	0.9	1.1	1.0	0.7
Other cost	13.8	14.1	16.1	16.4	17.1	17.7	15.5	15.5	16.4	16.9	14.2
Total cost	103.1	103.5	103.3	103.9	102.4	102.8	103.5	103.7	101.2	102.1	101.3
Profit for the year	1.9	2.0	2.5	2.7	1.8	1.9	1.4	1.7	2.3	2.4	1.7
											% of turnover
Annual result 11	2.0	2.2	2.6	2.8	2.0	2.3	2.1	2.7	2.8	2.9	1.8
Annual result before taxes on income 12	3.1	3.4	4.0	4.3	2.8	3.1	3.1	3.7	3.9	3.9	2.5
Internally generated funds 13	6.0	6.4	7.4	7.6	6.5	6.8	5.5	7.4	4.6	4.7	5.8
III. Other ratios											% of turnover
Stocks	13.9	14.2	13.2	13.6	9.2	9.5	18.1	18.2	18.8	18.8	17.4
Short-term debtors	17.5	18.2	19.1	20.0	13.5	14.9	17.6	17.5	16.0	15.9	13.7
											% of tangible fixed assets
Own funds (adjusted)	74.3	76.9	104.4	108.9	61.0	60.1	88.5	94.9	159.7	166.2	27.2
Long-term liabilities 14	173.6	178.6	213.3	220.5	138.2	143.2	201.1	209.8	328.7	336.5	124.6
											% of fixed assets 15
Long-term liabilities 14	109.1	109.2	119.2	120.0	97.1	99.3	146.5	149.6	200.6	192.6	109.1
											% of short-term creditors
Liquidities 16 and short-term debtors	82.9	82.3	100.5	99.0	73.8	76.7	78.7	81.4	75.6	73.0	56.7
Liquidities,16 short-term debtors and stocks	135.3	134.7	155.3	153.5	116.1	118.3	149.8	154.4	152.7	148.7	117.2
											% of borrowed funds 17 less cash
Internally generated funds 13	13.3	13.7	16.4	16.3	17.3	16.8	12.8	17.4	13.0	13.3	11.6
											% of balance sheet total (adjusted)
Annual result 11 and interest paid	5.6	5.7	5.9	6.1	6.4	6.6	6.5	7.5	8.5	8.9	6.8

* Calculated from expanded or estimated 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

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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		
1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	Item
% of balance sheet total (adjusted)											I. Balance sheet ratios
											Assets
36.2	39.0	38.7	29.6	29.5	19.3	18.9	30.4	29.2	37.7	36.1	Tangible fixed assets [3]
30.6	17.1	16.0	14.8	14.8	13.2	12.9	20.0	19.0	18.2	18.8	Stocks [4]
4.2	5.6	6.0	7.2	8.3	4.0	2.0	5.4	4.1	7.1	5.8	Cash [5]
25.2	25.7	25.7	37.4	37.6	28.5	28.1	34.2	32.8	26.0	28.9	Debtors
22.9	23.4	23.4	33.8	34.0	24.9	26.0	32.3	30.6	23.4	25.1	Short-term
2.2	2.3	2.2	3.6	3.6	3.6	2.1	1.9	2.2	2.6	3.8	Long-term
0.6	1.5	2.0	2.3	1.1	2.8	2.3	0.4	0.6	0.8	0.8	Investments
2.8	10.9	11.4	8.2	8.5	32.1	35.6	9.3	13.8	9.9	9.7	Participating interests
											Liabilities
8.1	25.7	27.7	15.6	15.4	36.4	35.2	24.1	23.1	23.6	24.2	Own funds (adjusted) [6]
83.9	55.9	53.9	58.3	59.6	34.3	36.7	58.5	60.1	55.1	56.2	Creditors
50.3	33.4	32.7	40.2	41.1	28.6	31.4	41.6	40.6	37.3	37.9	Short-term
33.6	22.5	21.2	18.0	18.5	5.6	5.2	16.9	19.6	17.8	18.3	Long-term
7.8	18.3	18.5	25.0	24.2	29.1	28.0	17.4	16.6	21.3	20.0	Provisions [6]
2.5	9.3	9.0	14.0	13.7	17.7	17.8	7.5	7.4	8.9	8.8	of which: Provisions for pensions
171.7	152.9	144.1	175.0	168.0	109.6	103.3	174.5	166.0	130.4	120.6	Memo item: Turnover
% of total output											II. Profit and loss account ratios
99.1	99.8	99.6	99.6	99.6	100.0	99.8	99.7	99.5	99.9	99.7	Turnover
0.9	0.2	0.4	0.4	0.4	0.0	0.2	0.3	0.5	0.1	0.3	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	0.5	0.6	0.6	0.8	1.0	0.3	0.3	0.5	0.6	Interest received
2.7	4.2	5.2	5.7	6.6	7.3	9.3	4.2	4.0	6.1	7.7	Other income
103.0	104.6	105.7	106.4	107.2	108.1	110.2	104.5	104.3	106.7	108.3	Total income
54.7	53.0	52.3	40.2	41.0	48.5	48.5	51.6	52.0	44.5	44.1	Cost of materials
24.7	21.6	21.3	30.8	30.7	22.1	23.1	26.0	25.7	27.4	27.4	Labour cost [8]
4.2	5.1	5.0	4.4	4.7	4.9	4.8	4.6	4.3	6.4	6.6	Depreciation of tangible fixed assets
0.6	0.4	0.6	1.0	0.6	0.5	0.6	0.3	0.4	0.6	0.6	Other depreciation [9]
2.2	1.5	1.6	1.5	1.5	1.3	1.7	1.3	1.3	1.8	1.8	Interest paid
0.8	1.7	1.6	1.8	1.9	2.8	2.0	1.4	1.4	1.8	1.7	Taxes
0.7	1.6	1.6	1.6	1.9	2.7	1.9	1.2	1.3	1.6	1.5	on income and earnings [10]
14.2	19.0	19.3	23.9	23.8	23.9	23.9	16.9	17.0	21.4	22.5	Other cost
101.4	102.2	101.8	103.6	104.3	104.0	104.7	102.0	102.1	104.0	104.7	Total cost
1.6	2.4	3.9	2.8	2.9	4.1	5.5	2.4	2.2	2.7	3.7	Profit for the year
% of turnover											
1.6	3.3	4.3	3.7	3.5	5.0	6.2	2.9	2.9	3.6	4.5	Annual result [11]
2.3	4.9	5.8	5.4	5.4	7.6	8.1	4.1	4.2	5.2	6.0	Annual result before taxes on income [12]
6.1	9.5	11.5	10.1	9.1	7.6	13.2	8.2	8.3	9.9	11.6	Internally generated funds [13]
% of turnover											III. Other ratios
17.8	11.2	11.1	8.4	8.8	12.1	12.5	11.5	11.5	14.0	15.6	Stocks
13.4	15.3	16.3	19.3	20.2	22.7	25.2	18.5	18.4	18.0	20.8	Short-term debtors
% of tangible fixed assets											
22.4	65.8	71.6	52.7	52.1	188.6	186.4	79.2	79.0	62.5	67.0	Own funds (adjusted)
123.9	149.8	151.9	162.7	163.8	312.5	311.7	160.7	172.3	135.8	144.2	Long-term liabilities [14]
% of fixed assets [15]											
108.7	111.1	111.9	116.1	115.9	109.0	103.7	116.9	110.8	101.7	104.0	Long-term liabilities [14]
% of short-term creditors											
55.0	90.0	95.6	107.3	105.2	109.3	96.1	91.3	86.4	83.3	82.6	Liquidities [16] and short-term debtors
115.8	141.1	144.6	144.0	141.1	155.4	137.3	139.4	133.3	132.2	132.1	Liquidities,[16] short-term debtors and stocks
% of borrowed funds [17] less cash											
11.9	21.1	25.0	23.1	20.2	14.0	21.8	20.4	18.9	18.6	20.0	Internally generated funds [13]
% of balance sheet total (adjusted)											
6.5	7.4	8.4	9.2	8.5	6.9	8.1	7.2	7.0	6.9	7.6	Annual result [11] and interest paid

before profit 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
	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
I. Balance sheet ratios	% of balance sheet total (adjusted)										
Assets											
Tangible fixed assets 3	27.5	27.1	27.8	27.3	15.9	16.0	13.8	13.6	19.3	17.9	23.2
Stocks 4	20.4	20.7	28.4	28.1	30.5	29.3	20.8	19.7	27.5	26.6	12.7
Cash 5	2.7	3.7	5.6	5.2	5.4	5.6	3.1	3.1	4.7	4.6	10.2
Debtors	32.2	32.2	31.9	31.6	35.7	36.5	33.1	33.3	39.3	38.3	30.0
Short-term	29.3	27.3	29.2	28.9	34.3	35.0	31.6	31.8	34.2	35.2	28.0
Long-term	3.0	4.9	2.7	2.7	1.4	1.5	1.5	1.5	5.1	3.1	1.9
Investments	0.7	1.1	0.8	1.3	2.1	2.4	10.4	11.4	0.3	0.4	4.7
Participating interests	16.3	14.9	5.1	6.1	10.1	10.0	18.7	18.9	8.7	12.0	19.0
Liabilities											
Own funds (adjusted) 6	29.9	31.0	16.4	16.8	21.3	24.0	25.8	25.7	23.2	23.5	24.1
Creditors	43.0	41.9	67.6	67.0	54.4	51.7	42.7	43.6	49.5	50.5	29.7
Short-term	31.1	30.3	46.5	46.3	45.1	42.4	36.4	36.8	36.3	37.0	25.8
Long-term	11.9	11.6	21.1	20.7	9.3	9.3	6.3	6.7	13.2	13.5	3.9
Provisions 6	27.1	26.9	15.9	16.0	24.2	24.4	31.5	30.7	27.2	26.0	46.1
of which: Provisions for pensions	15.3	15.5	7.4	7.5	10.6	11.1	15.5	15.4	16.1	15.7	21.7
Memo item: Turnover	153.6	154.1	164.7	161.6	134.2	137.2	121.5	124.8	132.1	124.8	177.5
II. Profit and loss account ratios	% of total output										
Turnover	99.6	99.1	99.4	99.2	99.9	99.3	100.0	99.6	99.1	98.6	99.9
Change in stocks of own products 7	0.4	0.9	0.6	0.8	0.1	0.7	0.0	0.4	0.9	1.4	0.1
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	0.4	0.5	0.4	0.4	0.6	0.7	1.5	1.7	0.5	0.5	0.9
Other income	5.2	5.6	3.8	3.8	5.1	5.4	5.6	6.4	5.9	6.1	5.5
Total income	105.6	106.0	104.2	104.2	105.8	106.0	107.0	108.1	106.4	106.6	106.3
Cost of materials	64.3	62.9	46.0	46.5	50.7	51.6	57.8	57.7	44.7	45.9	65.4
Labour cost 8	21.6	21.7	32.0	31.5	29.9	29.1	27.3	25.9	34.1	33.5	20.5
Depreciation of tangible fixed assets	3.9	3.7	4.1	4.1	2.9	2.9	3.4	3.4	3.3	3.4	4.1
Other depreciation 9	0.2	0.3	0.4	0.4	0.5	0.7	0.5	1.2	0.6	0.5	0.5
Interest paid	1.1	1.1	1.6	1.5	1.2	1.1	1.5	1.4	1.5	1.4	0.6
Taxes	1.0	1.2	1.4	1.4	1.4	1.7	1.3	0.9	1.6	1.4	1.6
on income and earnings 10	0.8	1.1	1.3	1.3	1.3	1.7	1.2	0.8	1.4	1.4	1.4
Other cost	12.0	12.0	15.4	15.5	15.8	16.2	12.4	16.2	17.8	17.8	12.6
Total cost	104.0	103.1	100.9	100.9	102.4	103.3	104.2	106.8	103.6	104.0	105.2
Profit for the year	1.6	3.0	3.2	3.2	3.3	2.7	2.9	1.3	2.8	2.6	1.2
	% of turnover										
Annual result 11	1.8	3.1	3.5	3.3	3.2	3.3	2.9	1.4	2.5	2.7	0.9
Annual result before taxes on income 12	2.6	4.3	4.8	4.7	4.5	5.0	4.1	2.2	4.0	4.1	2.3
Internally generated funds 13	4.9	6.8	5.5	8.8	8.5	8.0	8.3	5.0	9.7	7.8	10.7
III. Other ratios	% of turnover										
Stocks	13.3	13.5	17.2	17.4	22.7	21.3	17.1	15.8	20.8	21.3	7.2
Short-term debtors	19.1	17.7	17.7	17.9	25.6	25.5	26.0	25.5	25.9	28.2	15.8
	% of tangible fixed assets										
Own funds (adjusted)	108.7	114.4	59.2	61.5	134.5	150.3	186.3	189.2	120.3	131.2	103.5
Long-term liabilities 14	210.1	217.2	163.2	166.8	261.7	279.5	349.5	357.1	274.8	297.5	215.5
	% of fixed assets 15										
Long-term liabilities 14	123.4	125.3	125.8	124.0	149.2	159.2	140.9	141.6	159.6	160.7	109.1
	% of short-term creditors										
Liquidities 16 and short-term debtors	104.7	105.9	75.6	74.9	91.8	100.4	123.1	124.8	107.6	108.4	159.8
Liquidities, 16 short-term debtors and stocks	170.3	174.4	136.6	135.5	159.5	169.5	180.3	178.3	183.4	180.1	209.1
	% of borrowed funds 17 less cash										
Internally generated funds 13	11.1	16.1	11.6	18.3	15.5	15.6	14.2	8.8	17.9	13.6	29.0
	% of balance sheet total (adjusted)										
Annual result 11 and interest paid	4.4	6.6	8.4	7.9	6.0	6.1	5.3	3.5	5.4	5.2	2.5

* Calculated from expanded or estimated 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

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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)		
1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	Item
% of balance sheet total (adjusted)											I. Balance sheet ratios
											Assets
22.7	43.7	41.8	14.4	14.7	14.9	14.9	22.0	21.2	52.7	54.5	Tangible fixed assets [3]
13.0	2.5	2.2	43.4	43.8	27.4	26.9	43.9	44.2	1.6	1.4	Stocks [4]
8.1	3.0	2.6	6.1	6.2	5.8	5.4	4.3	3.8	6.8	4.5	Cash [5]
32.3	21.6	21.0	29.8	29.2	45.0	45.0	25.4	25.5	31.0	30.0	Debtors
30.8	19.2	18.6	27.8	26.6	42.8	42.9	23.6	24.0	27.1	26.0	Short-term
1.6	2.3	2.4	2.0	2.6	2.1	2.0	1.7	1.6	3.9	4.0	Long-term
5.7	12.0	13.1	2.6	2.2	0.6	0.5	0.2	0.2	1.4	2.8	Investments
18.1	16.9	18.9	2.4	2.6	6.1	7.1	3.7	4.2	5.5	5.9	Participating interests
											Liabilities
27.2	24.4	24.6	5.0	5.1	15.1	15.6	3.2	3.5	16.0	17.0	Own funds (adjusted) [6]
28.5	35.1	35.1	83.9	84.4	75.0	74.7	87.6	86.8	63.6	60.8	Creditors
24.7	20.2	19.9	70.7	70.7	61.1	60.2	61.4	61.3	38.0	35.1	Short-term
3.8	14.9	15.1	13.2	13.7	13.9	14.6	26.2	25.5	25.6	25.7	Long-term
44.2	38.7	38.5	11.0	10.3	9.7	9.5	9.0	9.0	19.6	21.6	Provisions [6]
21.5	9.0	9.4	2.8	2.9	3.7	3.8	3.6	3.6	8.6	8.8	of which: Provisions for pensions
185.2	66.8	63.6	122.5	119.3	266.0	256.0	253.7	245.0	127.6	122.8	Memo item: Turnover
% of total output											II. Profit and loss account ratios
99.8	99.4	99.4	99.3	97.1	100.0	99.9	100.0	100.0	99.9	99.9	Turnover
0.2	0.6	0.6	0.7	2.9	0.0	0.1	0.0	0.0	0.1	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
0.9	1.8	2.1	0.5	0.6	0.4	0.4	0.3	0.2	0.6	0.7	Interest received
6.2	5.8	7.2	3.9	3.9	2.8	2.9	2.8	2.8	10.5	11.5	Other income
107.1	107.6	109.3	104.5	104.4	103.1	103.3	103.1	103.0	111.1	112.2	Total income
67.2	62.7	61.8	51.1	51.3	80.8	80.7	71.6	71.8	41.0	39.6	Cost of materials
19.4	13.9	14.9	33.5	33.2	8.4	8.7	12.9	12.8	29.8	29.3	Labour cost [8]
4.0	8.4	8.5	3.0	3.0	1.2	1.2	1.7	1.8	8.5	8.9	Depreciation of tangible fixed assets
0.8	0.2	0.6	0.8	0.7	0.4	0.4	0.2	0.2	0.4	0.6	Other depreciation [9]
0.6	1.5	1.6	1.7	1.7	1.0	1.0	1.5	1.5	2.3	2.2	Interest paid
2.4	5.2	5.9	0.8	0.7	1.7	1.5	0.9	1.0	1.4	2.6	Taxes
2.3	4.7	5.4	0.6	0.5	0.5	0.5	0.3	0.4	0.9	2.2	on income and earnings [10]
11.2	12.8	13.2	13.0	12.7	8.6	8.8	12.7	12.8	25.1	25.3	Other cost
105.5	104.8	106.5	103.9	103.3	102.1	102.3	101.6	101.8	108.4	108.3	Toal cost
1.6	2.8	2.8	0.6	1.2	1.0	1.0	1.5	1.3	2.6	3.9	Profit for the year
% of turnover											
0.9	4.9	5.3	0.7	1.4	1.2	1.2	1.6	1.4	0.1	1.5	Annual result [11]
3.3	9.5	10.7	1.2	2.0	1.7	1.7	1.9	1.8	1.0	3.7	Annual result before taxes on income [12]
5.6	13.7	16.9	3.9	4.6	3.0	2.9	3.6	3.7	12.2	15.0	Internally generated funds [13]
% of turnover											III. Other ratios
7.0	3.7	3.5	35.5	36.7	10.3	10.5	17.3	18.0	1.2	1.1	Stocks
16.6	28.8	29.3	22.7	22.3	16.1	16.8	9.3	9.8	21.2	21.2	Short-term debtors
% of tangible fixed assets											
119.5	55.9	58.9	34.6	34.9	101.4	104.9	14.4	16.6	30.4	31.2	Own funds (adjusted)
232.6	114.5	121.0	147.0	149.3	222.1	230.8	152.1	155.8	99.4	98.2	Long-term liabilities [14]
% of fixed assets [15]											
116.5	73.4	72.7	109.8	108.1	141.4	141.5	121.4	122.1	84.3	82.9	Long-term liabilities [14]
% of short-term creditors											
168.1	143.7	139.6	50.9	49.0	80.0	80.8	45.7	45.5	92.7	94.6	Liquidities [16] and short-term debtors
220.5	155.9	150.9	112.4	111.0	124.9	125.5	117.3	117.6	96.8	98.6	Liquidities,[16] short-term debtors and stocks
% of borrowed funds [17] less cash											
16.1	12.9	15.1	5.4	6.3	10.0	9.3	10.0	9.7	20.4	23.6	Internally generated funds [13]
% of balance sheet total (adjusted)											
2.8	4.3	4.4	2.9	3.8	5.9	5.7	7.8	7.1	3.0	4.5	Annual result [11] and interest paid

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.