German enterprises' profitability and financing in 2001

The difficult economic environment in 2001 had a substantial impact on corporate profitability. This can be seen from an evaluation of the first provisional results in the Bundesbank's corporate balance sheet statistics for the production sector, the wholesale and retail trade and transport, which are at the core of cyclical movements. The gross return on turnover fell below its 1997 level. The downturn in profits was particularly marked in construction and manufacturing. Higher annual results were achieved only by utilities.

However, the decline in profitability did not lead, all in all, to an erosion of the enterprises' capital base in the year under review. Instead, enterprises made up for the largely tax-related decline in the own funds ratio in 2000 by retaining a large portion of their profits rather than distributing them. At all events, the own funds ratio was, at 17½%, back where it had been between 1997 and 1999. Given the persistently unfavourable economic situation, this should be seen as positive. However, there needs to be a further strengthening of equity capital to bring about a lasting improvement in firms' financial viability.

Cyclical setting

Weak economic growth ...

2001 was a difficult year for the German economy. After quite strong growth at the start of the year, contractionary forces gained the upper hand as the year went on. Overall, real gross domestic product (GDP) rose by only slightly more than ½%, after having expanded by 3% in the preceding year. The increase in overall economic output was thus well below that of potential output. As a result, there was a perceptible decline in capacity utilisation and another output gap opened up.

... owing to deterioration of global economy ...

The marked slowdown in the pace of macroeconomic growth in Germany is due primarily to the global economic cooling which began in the autumn of 2000 and was clearly propelled further by the shock to sentiment generated by the terrorist attacks of 11 September 2001. The global loss of confidence and the prospect of a decrease in external demand resulted in German enterprises reducing their investment significantly in 2001. Although the large volume of orders dating back to 2000 and the depreciation of the euro against other key currencies meant that exports remained buoyant into the summer, they also declined distinctly as the year went on. Exports went up by 5% on average for the year. Although world trade growth was stagnating, German products further increased their share of the global market. As, at constant prices, there was hardly growth in imports, the perceptible increase in real net exports boosted GDP growth by 1½%.

... and internal retarding factors

In addition to the deterioration of the international environment, home-grown factors also had a negative impact in 2001, with the ongoing adjustment crisis in the construction industry taking the leading role. Although consumption spending by private households and central government increased moderately, this was not enough to offset the decline in fixed capital formation, with the result that real domestic demand decreased by just under 1% on the year.

Moderate pay developments

Wage policy, which has a major effect on enterprises' costs and expectations, was fully appropriate to the difficult economic situation in 2001. On an hourly and monthly basis, the negotiated level of wages and salaries went up by 2% on an overall average; actual earnings went up by roughly the same amount. In the year under review, employee compensation, which includes gross wages and salaries and employers' social contributions, was likewise 2% up on 2000. However, as corporate and investment income practically stagnated, the macroeconomic labour income rate was, at 73¼%, ¼ percentage point higher than one year previously. There was also a somewhat sharper 1½% increase in unit labour costs owing to the cyclically induced slowdown in productivity growth.

Total output of the sectors analysed

The cyclical slowdown in 2001 affected the production sector, the wholesale and retail trade and transport taken together far more than the economy as a whole. This is not surprising as the economic sectors analysed here are the traditional focus of economic activity. Their real value added remained at the previous year's level, whereas that part of the corporate sector which is not included in the corporate balance sheet statistics – especially private service providers – achieved growth of just over 3%.[1]

Slight growth in manufacturing and transport

However, the overall weak result of the segment of the corporate sector analysed here conceals major differences between the individual economic sectors. Manufacturing, for instance, increased its real value added in 2001 by a further ½%. Export-oriented enterprises are likely to have fared better than those firms which mainly supply the domestic market. In any case, according to official statistics, the export turnover expanded more strongly in terms of value – by 5% – than domestic turnover, which increased by less than 2%; overall there was a 3% increase. The gap between foreign and domestic business was especially wide among producers of capital goods and durable goods. Motor vehicle manufacturers, which belong to the first category, even increased their foreign sales by 11½%, as opposed to 5½% in Germany. The overall weak growth in industrial output in 2001 also affected business in "downstream" sectors. For instance, the demand for transport services (excluding communication) grew at a perceptibly slower pace than in the preceding four years.

Trade stagnates

Real gross value added in the wholesale and retail trade sector stagnated in 2001. Unlike the two previous years, retail business fared somewhat better than wholesale business. Turnover was nonetheless up 2% on the year, whereas it fell by 2½% in the wholesale trade. At constant prices, the growth gap was roughly the same, with an increase of ½% as opposed to a decrease of 4%. The volume of wholesale trade was declining in almost all sub-sectors.

Slowdown in construction and utilities

Economic output slowed in utilities and, again, in the construction industry. In electricity, gas and water supply, it was down ½% on the year. This led to a 2% decrease in output in this sector in 2001 – not least owing to the downward trend in intermediate goods production, which is quite energy-intensive. The construction industry saw a continuation and intensification of the persistent contractionary process which had begun in 1995. Real value added fell by 6½% and was almost one-fifth below its last peak in 1994. There was also a distinct decline in investment in housing construction as well as in commercial and public sector construction.

Profitability

Pre-tax profits ...

The distinct economic downturn in 2001 had a marked impact, as expected, on the profit and loss accounts of enterprises in the pro-

1 The unadjusted real value added of the corporate sector as a whole increased by 1½% in 2001, far more strongly than real GDP. The decisive factor was, first, that the estimated economic output by the public sector and private non-profit institutions fell. Second, there was a marked expansion of the item "anticipated bank fees", which is subtracted from the unadjusted real gross value added when calculating GDP, and the balance of taxes on products and subsidies on products added to it was substantially lower than one year previously.

duction sector, trade and transport.[2] The annual result before taxes on income fell by 12½% from its 2000 level.[3] This largely offset the improvement in performance since 1996. At first glance this would seem to contrast with the data in the national accounts on the development of profits of non-financial corporations, which recorded an increase of just under 4% in 2001. When examined more closely, however – apart from the fact that for several reasons the two series are not fully comparable – this confirms the aforementioned diagnosis to the effect that the cyclical downturn had a greater impact on that part of the economy covered by the corporate balance sheet statistics than on the services sector, which is not included there. This again shows the great complexity of the German economy, which, in the context of a macroeconomic analysis, may lead to wrong conclusions being drawn.

... and gross return on turnover

The extent to which profitability deteriorated in 2001 likewise becomes apparent if business expansion is also taken into account. The gross return on turnover (ie the ratio of the annual result before taxes on income to enterprises' turnover) was, at just under 3%, almost ½ percentage point down on the comparable figure for 2000 and thus distinctly below its 1997 level. In this context, it should also be borne in mind that there was a sharp increase in the number of corporate insolvencies in 2001. If the mainly low-profitability borderline firms which are no longer covered in the corporate balance sheet statistics are included, the profitability picture is even bleaker.

Post-tax profit

The annual result after tax decreased by 13%, ie even more strongly than the gross result. The decisive factor was that the decline in the amount of tax on earnings did not keep pace with the decline in taxable profit, as will be shown in greater detail below. The net return on turnover declined by ¼ percentage point to just under 2%. Note should, however, also be taken of the fact that the amount of tax on earnings includes, besides trade tax, only corporation tax (including the solidarity surcharge). The annual results of partnerships and sole proprietorships are, however, taxed as part of the entrepreneurs' private income and do not appear in these firms' profit and loss accounts. The net return on turnover shown here is therefore below its actual value and merely gives an idea of the development of post-tax profitability.

Unfavourable earnings trend in construction ...

In 2001 the downturn in profits was particularly marked in the construction industry. For the first time since the series was started in

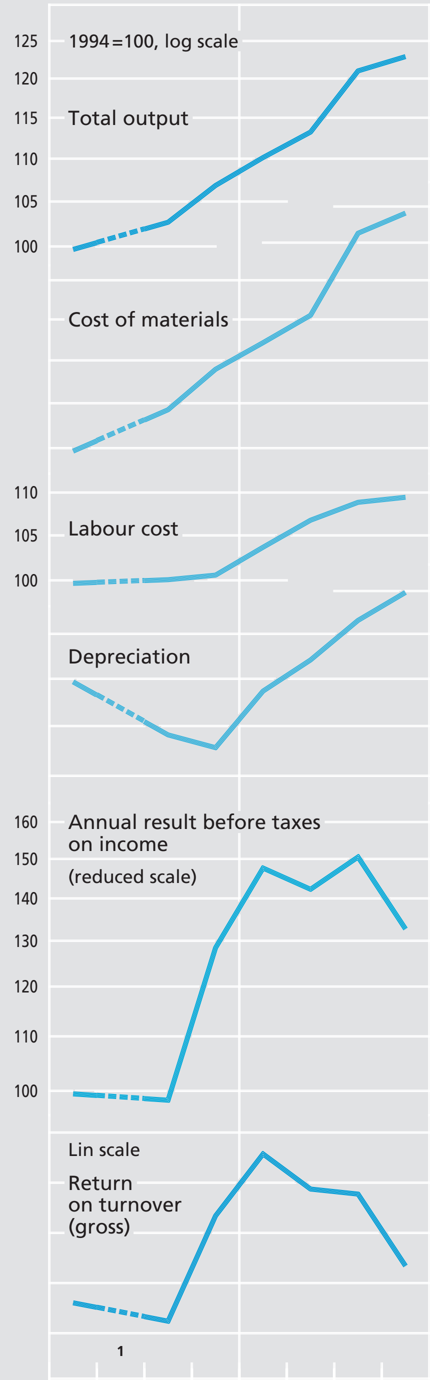
2 For more details on the method of extrapolation by legal form and on the underlying data, see Deutsche Bundesbank, German enterprises' earnings and financing patterns, by form of business organisation, *Monthly Report*, December 2001, pp 60-64. The update for 2001 is based on just under 16,000 annual accounts. Owing to the fact that current figures from the turnover tax statistics, which are needed for the extrapolation, are not yet available, no breakdown by legal form could be made for 2001. Financial flows were again not analysed either because the general deterioration in the data means that the data on the flow and use of funds are subject to great uncertainty. The changes in the underlying data also gave rise to methodological adjustments, which were described in greater detail in the *Monthly Report*, December 2001, p 64.
3 The annual result corresponds to the annual profit before profit or loss transfers and provides a better indication of the profits generated by the enterprises analysed in this article as numerous firms are associated through profit transfer agreements (and partial profit transfer agreements) with enterprises which are not included in the corporate balance sheet statistics (eg holding companies) and to which their profits/losses are transferred.

1987 (then covering western Germany only), the figures, according to the preliminary calculations, were on balance no longer in the black. In gross terms, profits and losses were roughly in balance. After tax, losses amounted to ½% of turnover. The statistical divergence from the gross result is due to the fact that the enterprises operating in the black had to pay tax on earnings while a large portion of the losses are only offset by subsequent profits. What caused a further substantial erosion of earnings in the construction sector was the fact that total output decreased more strongly than the cost of materials, which represents more than half of the total expenditure. Building enterprises were clearly unable to pass on the increase in the cost of intermediate goods in construction prices; at all events, the overall level of construction prices in 2001 was only 0.2% above that of 2000, while the corresponding producer prices for building materials rose somewhat more sharply and energy prices went up by 9%.

... in manufacturing ...

In 2001 manufacturing experienced the severest downturn in profits since 1993. The annual result before taxes on income declined by nearly one-fifth and gross return on turnover fell by just under 1 percentage point to 3½%. However, there is a marked difference compared with 1993 in that gross earnings were then 1½% of turnover. Earnings varied quite considerably within the manufacturing sector. For example, there was a clear improvement in the result for food products and beverages. This was probably connected, at least in part, to the market distortions and substitution processes at consumer level in

Selected indicators from the profit and loss accounts of German enterprises



1 No data are available for 1995.

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Enterprises' profit and loss account *

Item	1999	2000	2001	2000	2001
	€ billion			Year-on-year change in %	
Income					
Turnover	3,151.5	3,367.5	3,417.5	7	1.5
Change in stocks of own products 1	26	28.5	32.5	9.5	14
Total output	3,178	3,396.5	3,450	7	1.5
Interest received	18	21	24	16.5	14.5
Other income	166.5	188	199	13	6
of which					
from participating interests	20.5	31.5	26	53.5	– 17.5
from profit and loss transfers	17	19	20	12	5.5
Total income	3,362	3,605.5	3,673	7	2
Cost					
Cost of materials	1,989	2,175.5	2,223.5	9.5	2
Labour cost 2	585.5	597	600	2	0.5
Depreciation	124	129.5	132.5	4.5	2.5
of tangible fixed assets	109	112	110.5	3	– 1.5
Other 3	15	17.5	22	16.5	25.5
Interest paid	44	49.5	55.5	12.5	12
Taxes	97	99.5	99	2.5	– 0.5
on income and earnings 4	34.5	34	30.5	– 1.5	– 10.5
Other	62.5	65	68.5	4	5.5
of which					
Excise taxes	51.5	53.5	57	4	6.5
Other cost	459	487	510	6	4.5
of which					
Profit and loss transfers	22	26.5	32.5	20.5	22.5
Total cost	3,298	3,537.5	3,620.5	7.5	2.5
Profit for the year	64.5	68	52.5	5.5	– 23
Memo items					
Annual result 5	69.5	75.5	65.5	8.5	– 13
Annual result before taxes on income 6	103.5	109.5	96	6	– 12.5
Net interest paid	26	28.5	31.5	9.5	10.5
	As % of turnover			Year-on-year change in percentage points	
Gross income 7	37.5	36.5	36	– 1	– 0.5
Annual result 5	2	2	2	0	0
Annual result before taxes on income 6	3.5	3.5	3	0	– 0.5
Net interest paid	1	1	1	0	0

* Extrapolated results. Estimated figures, rounded to the nearest half or full € 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 Profit for the year before profit/loss transfers. — 6 Taxes on income and earnings. — 7 Total output less cost of materials.

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the wake of the animal diseases which had led to a sharp upward surge in the prices of animal products. By contrast, things did not look so good for motor vehicle manufacturers, for example, which experienced above-average earnings losses.

... and in trade and transport

In 2001 profits also declined substantially in the wholesale trade and in transport, although the decrease was less than in manufacturing. However, it should be noted that both economic sectors have only relatively weak income buffers. In fact, the gross return on turnover has fallen in the wholesale trade to 1½% and in transport to 2¼%. Although in 2001 the retail trade maintained its gross profits at the 2000 level, this result was relativised by the fact that the annual result before tax has not risen since 1997. The corresponding return on turnover was virtually unchanged at just under 2%; this is roughly equivalent to the average return in the second half of the 1990s.

Higher profits in utilities only

By contrast, utilities firms increased their profits in 2001. In electricity, gas and water supply, the increase of nearly one-seventh in the annual result before taxes on earnings does not initially tally with what has been noted elsewhere, namely that the real value added fell in this sector. However, the nominal value added, which is of greater relevance here, increased by 4½%. Moreover, the enterprises managed to achieve substantial cuts in labour costs. This means that the profit margin increased distinctly. The gross return on turnover went up accordingly to a good 10%; there had only once before been a better result – in 1999, when the figure was just over 11%. The utilities thus maintained their long lead over the other economic sectors.

Income and cost in detail

Total output

In line with the distinct slowdown in economic growth in 2001, business growth in the enterprises in the economic sectors analysed in this article was far slower. Total output, which, in addition to turnover, also includes changes in stocks of own products and other capitalised production, increased by only 1½%, compared with 7% in the previous year. In real terms, it is likely to have declined, given the 3% increase in producer prices for commercial products, virtually stagnant construction prices and price rises of 1% in the wholesale and retail trade sector. None of the economic sectors analysed remained unaffected by the economic slowdown in business activities, even if utilities only lost relatively little dynamism. With certain exceptions, this can also be said of the retail trade. The rate of growth in manufacturing fell from 9% to around 3% and in transport from 9½% to 3½%. In construction and the wholesale trade, figures were well down on the previous year.

Interest received, other income and total income

Although, compared with 2000, interest received and other income (which includes income from participating interests, profit and loss transfers and other operational income) again grew more strongly overall – by 6½% – than total output, less dynamism can be observed here, too. Special factors played a decisive role in that income from participating interests had a greater impact – about half as much again – on the profit and loss accounts in 2000 than in 1999; this was due to the greater distribution of retained profits among affiliated enterprises. This level was distinctly undershot in 2001, when the distribution of retained profits decreased further. In 2001 total income was 2% up on the previous year, having increased by 7%.

Total cost

Total cost went up by 2½% in 2001, ie more sharply than total income. The comparatively sharp increase in costs was due primarily to interest paid and other cost. Other cost includes rent and leasing expenditure, research and development costs, advertising expenses and transfers to special reserves; it accounts for roughly one-seventh of total cost.

Cost of materials

At just over 2%, the rate of increase in the cost of materials was ¾ percentage point above the increase in total output. Consequently, gross earnings were more than ½% above the previous year's level, having increased by just over 2½%.[4] The share of the cost of materials in total output therefore increased perceptibly to 64½%, from an average of 62½% between 1996 and 1999.

This development, which can be observed in all economic sectors analysed in this article apart from the wholesale and retail trade, seems to have occurred for different reasons in different sectors. In manufacturing, a

4 The definition of gross earnings diverges from the nominal gross value added in the national accounts since the cost of materials does not include total intermediate goods. The relevant services not included (eg advertising expenses, insurance premiums etc) are entered under the collective item "other cost", which, however, also includes items which are not related to operational business.

major contributory factor is likely to have been the tendency towards a narrowing of manufacturing penetration which has been evident for some time. The motor vehicle industry is in the forefront here, with cost of materials amounting to 71% in 2001, as opposed to 64½% in 1996. In utilities, there was again a two-figure increase in the cost of materials in 2001. However, the lagged price adjustment for gas was a key factor here. Gas import prices went up by around 35% on average, while euro-denominated prices of crude oil and mineral oil products declined perceptibly after the dramatic increase in 2000. Although the cost of materials declined in the construction industry, total output slowed even more, with the result that here, too, the cost of materials – starting from 50% in the mid-1990s – went up to 52½%. This likewise reflects a reduction in manufacturing penetration, which plays a greater role in construction mainly because of subcontracting.

Labour cost ...

It is in keeping with this basic picture that the ½% increase in labour cost in 2001 was far less than the expansion of business activities and that the importance of this cost item declined further. However, this is not only due to the changes in the division of labour between enterprises outlined above, but is also connected to the moderate wage rises referred to earlier in this article. In addition, the labour cost burden on enterprises was eased somewhat from 1 January 2001 by the slight reduction in the rate of the employers' contributions to the statutory pension insurance scheme.

The rise in unemployment had a far stronger impact in that part of the corporate sector analysed in this article, reducing labour cost; nonetheless, in the economy as a whole new jobs were still being created on balance. Construction was again the focus of job cuts, with nearly 8% fewer people being employed than in 2000. Next came utilities with a decrease of 4½%. However, unlike construction, this is less a reflection of a critical economic situation than of greater pressure to rationalise following the opening-up of the electricity market and the concomitant increase in competition. Manufacturing and trade more or less maintained their employment position as an annual average in 2001 and in transport a few new jobs were created.

... depreciation ...

The 2½% increase in depreciation is due solely to the sudden rise (+25½%) in "other depreciation", which mostly comprises uncollectable debtors plus write-downs on investments and participating interests. Among other things, this probably reflects the price losses in the equity markets, some of which were huge and which caused some enterprises to make corresponding value adjustments at the end of the financial year. The balance sheet decrease in the value of tangible fixed assets was, however, down by 1½%. One factor was the marked decline in gross fixed asset formation, its level affecting depreciation costs in the year of purchase. The second factor was that, for the purpose of counter-financing "Tax reform 2000" which took effect from 1 January 2001, the tax depreciation allowances for investment in machinery and equipment and commercial buildings were cut back and the official depreciation tables were adjusted to longer usage periods, said to better reflect reality.[5]

... interest ...

Interest rate expenditure by production enterprises again went up sharply in 2001, by 12%. This was due, in part, to the holdings of creditors with an effect on interest being distinctly expanded in 2001 as an annual average. Short-term lending increased by 4½% and long-term borrowing by ½%. This growth differential affected the volume of total interest paid in that the short-term lending rates were perceptibly higher in 2001 than in the previous year, while long-term lending undershot the average level of 2000. In addition, owing to the shorter commitment period, the increase in short-term interest rates passes through to interest paid more quickly than the decline in long-term rates. The average debit interest rate to be paid by enterprises was therefore, at 5¾%, well up on the year. Net interest paid increased by more than one-tenth in 2001. The stronger growth of interest received than that of interest paid was more than offset by the fact that interest received traditionally evolves at a far lower level than the corresponding cost item.

... and taxes

The tax burden on enterprises' earnings went down by 10½% in 2001, after declining by 1% and 1½% in the preceding two years. This is, first, related to a mainly cyclically induced downturn in gross profits. Second, the reform of corporation tax which took effect on 1 January 2001 brought considerable net relief. The linchpin is the reduction in the corporate tax rate from 40% for retained profits and 30% for distributed profits to a uniform 25%. Although lower income tax rates and the partial inclusion of trade tax in income tax meant that the reform also gave partnerships some relief at the start of 2001 as their income is subject to "private" taxation, this was not reflected in their profit and loss accounts. In order to gain a broader picture of the corporation tax reform which took effect in 2001, account also needs to be taken of the changes in the depreciation rules presented above.

Under "other taxes", which includes, *inter alia*, taxes on land and buildings, motor vehicle tax and excise taxes, enterprises had to pay 5½% more than one year previously. Given that business development was subdued, the sharp increase is mainly due to the third increase in energy taxation which took effect at the start of 2001 as part of the "ecological tax reform".

Balance sheet trends and key balance sheet ratios

Balance sheet total

In 2001 the weak economic environment and unfavourable performance figures had a clear impact on the corporate balance sheet. The adjusted balance sheet total[6] went up by 2½% only, after having increased by 6% in the previous year. In the construction sector, assets and liabilities decreased again – by

5 The change in the depreciation modalities is a factor here in that the bulk of the annual accounts covered by the Bundesbank's corporate balance sheet statistics are tax balance sheets.
6 As part of the Bundesbank's evaluation of the annual accounts, own funds, *inter alia*, are adjusted for goodwill, subscribed capital unpaid, own shares in stock and loans to shareholders.

Enterprises' balance sheet *

Item	1999	2000	2001	2000	2001
	€ billion			Year-on-year change in %	
Assets					
Non-financial assets	997	1,030	1,045	3.5	1.5
Tangible fixed assets 1	526.5	541	548.5	3	1.5
Inventories 2	470	489.5	496	4	1.5
Financial assets	1,025.5	1,111.5	1,148	8.5	3.5
Cash 3	88.5	80	87	– 9.5	9
Debtors	638	688.5	716.5	8	4
Short-term	594	643	660.5	8	2.5
Long-term	44	45.5	56	3.5	23
Investments	61.5	66	58	7.5	– 12
Participating interests	237	277	286.5	17	3.5
Prepayments	8.5	8.5	8.5	0	0
Total assets 4	2,031	2,150	2,201.5	6	2.5
Liabilities					
Own funds 4,5	356	370	387.5	4	4.5
Borrowed funds	1,665.5	1,770	1,803.5	6.5	2
Creditors	1,267.5	1,347.5	1,366	6.5	1.5
Short-term	912	1,000.5	1,018	9.5	1.5
Long-term	355	346.5	347.5	– 2.5	0.5
Provisions 5	398	423	437.5	6.5	3.5
of which Provisions for pensions	167.5	179	186	7	4
Deferred income	9.5	10	10.5	5.5	5
Total liabilities 4	2,031	2,150	2,201.5	6	2.5
Memo items					
Turnover	3,151.5	3,367.5	3,417.5	7	1.5
As % of balance sheet total	155	156.5	155	.	.

* Extrapolated results. Estimated figures, rounded to the nearest half or full € billion or percentage point. — 1 Including intangible assets. — 2 Including contracts in progress. — 3 Banknotes and coins and bank balances. — 4 Less adjustments to capital accounts. — 5 Including pro rata share of special reserves.

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6%, even more than in the previous year. The wholesale trade also recorded a decrease, albeit distinctly moderate. In some of the other economic sectors, the pace of growth slowed down considerably.

Non-financial assets

On the assets side, slower growth in both non-financial and financial assets was responsible for the flattening-out of balance sheet growth. At the end of financial year 2001, the stock of tangible assets was only 1½% above its 2000 level. Between 1998 and 2000 it increased by 4% on average. The marked slowdown in growth affected "intangible assets", which, for example, include purchased patents, concessions, copyright and software. In particular, the sharp increase in purchases of software products between 1998 and 2000, the years of the "new economy" euphoria, gave a high two-figure boost to the average nominal value. Owing to the general disillusionment which has since set in and the overcapacities created at the end of the 1990s, such large reductions in investment were made in 2001, however, that the figures for intangible assets were only 5½% up on the previous year.

The stock of movable tangible assets was expanded by around ½%. The growth of this balance sheet item, which has been subdued for some time, is likely to be connected with the increasing importance of leasing rather than purchasing machinery and equipment. In 2001 inventories were also expanded far less than in previous years, by 1½%. The decline in construction activity also played a role in that the items allocated to inventories – "payments on account and tangible assets in course of construction" and "contracts in progress" again decreased dramatically in the construction industry.

Financial assets

Although, at 3½%, financial assets expanded far more slowly in 2001 than in previous years, their growth was stronger than that of tangible fixed assets. Their share in the balance sheet total therefore continued to increase and, at 52%, was 5 percentage points higher than in 1994, from when data for Germany as a whole are available. However, this average variable fails to show the substantial differences between the individual segments. The range is from 33% in construction to 57½% in manufacturing and 58½% in utilities; it mainly reflects the strongly divergent importance of participation interests, which amounted to only 2½% in construction compared with 17% in manufacturing and 19% in utilities.

Trade debtors and creditors

The reduced expansion of financial assets in 2001 is due, on the one hand, to the relatively low expansion of short-term debtors, which, in turn, related to the 3% decline in trade debtors. The corresponding trade creditors even fell by 4½% in 2001. Experience has shown that the two items fluctuate quite widely over the business cycle. In periods of economic cooling, an important factor, in addition to less dynamic business growth, is that suppliers are affected more by bad debts arising from insolvency and, given the increased risk of debtor default, try to keep their accounts receivable as low as possible.

Investments and participation interests

On the other hand, the book values for securities fell by well over one-tenth. This probably reflects both net sales and extensive value adjustments, which had become necessary after the collapse of equity market prices. In addition, participating interests, which had grown by around one-sixth on average between 1998 and 2000, expanded relatively moderately, by 3½%.

Own funds

At first glance, the fact that enterprises substantially increased their own funds by 4½% in 2001 does not fit in the gloomy picture of income. In particular, provisions were expanded by 6½%, after having increased by only 3% in 2000 owing to the aforementioned transfer effect. A closer examination reveals that financial resources which accrued to the enterprises in 2001 from the issuance of new shares remained roughly as in the previous year. By contrast, there was a considerable change in the appropriation of profits, with profit retention being favoured. In the annual accounts of corporations in the economic sectors analysed in this article, only half of the unusually high volume was made available for distribution to the shareholders. The (vertical) own funds ratio, which fell slightly in 2000, therefore went back up to 17½% and thus to the level of the period from 1997 to 1999.

The increase in profit retention reflects, first, a certain normalisation of the appropriation of profits following the marked tax-induced increase in the profits proposed for distribution in the balance sheets for financial year 2000. A second factor may have been that, as a result of the reform of corporation tax, self-financing as opposed to external financing is favoured far more than was previously

Balance sheet ratios *

Item	1999	2000	2001
	As % of balance sheet total 1		
Tangible fixed assets 2	26	25	25
Inventories 3	23	23	22.5
Short-term debtors	29.5	30	30
Long-term liabilities 4	44	42.5	42.5
of which Own funds 1	17.5	17	17.5
Short-term creditors	45	46.5	46.5
	As % of tangible fixed assets 2		
Own funds 1	67.5	68.5	70.5
Long-term liabilities 4	170	168.5	170.5
	As % of fixed assets 5		
Long-term liabilities 4	107.5	102	102
	As % of short-term creditors		
Liquidities 6 and short-term debtors	79	76	76.5
	As % of borrowed funds 7		
Internally generated funds 8	14.5	13.5	12.5

* Extrapolated figures. 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.

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the case. This may be considered a positive development in the present situation in which the equity market is demonstrating a limited capacity to absorb issues. In the long term, the tax preference for profit retention, however, weakens the allocation function of the capital markets.

Creditors and provisions

In 2001 the increase in creditors lagged somewhat behind balance sheet growth. The decisive factor here was that the long-term creditors were expanded only slightly. In this connection, however, it is worth noting that the increase in short and long-term debtors vis-à-vis credit institutions, taken together, kept pace with the creditors. From that perspective, at least for 2001 the annual accounts analysed in this article provide no evidence of a general withdrawal by the banks from corporate financing. At 20%, the provisions, which were expanded by 3½%, more or less retained their share of the balance sheet total; two-fifths accrued to provisions for pensions.

Further figures on the capital structure

In addition to the equity capital ratio, other key figures indicate that the capital structure of enterprises in 2001 at least did not worsen. Long-term available capital – as in 2000 – accounted for around 42½% of the total liabilities and was again 2% above the fixed assets. In addition, the coverage of liquidities and short-term debtors increased in relation to short-term creditors by ½ percentage point to 76½%. By contrast, the ability of enterprises to pay their debts fell further in 2001. The figures which provide information about that, ie the ratio of internally generated funds to borrowed funds (excluding cash), went down by 1 percentage point to 12½%; the ratio had been 14½% in 1999.

Overall, unfavourable trend in profitability …

The economic slowdown which began in the second half of 2000 had a marked impact on corporate profits in the economic sectors analysed in this article. Construction was particularly affected since the pressure on the profit and loss account caused by the structural crisis was further compounded by the cyclical downturn. The enterprises' overall profitability (measured in terms of return on turnover) declined perceptibly in 2001. Preliminary information indicates that in 2002 the persistent near-stagnation of the economy as a whole cast a further shadow over the earnings picture. However, the improvement in the terms of trade is likely to have brought some relief to the enterprises' annual accounts.

… but largely no effect on the capital structure

The enterprises did not allow worsening profitability in 2001 to pass through to their capital base. As a result of the increased retention of profits, it proved possible to offset the 2000 tax-related decline in own funds. For this to be achieved in an economically difficult year such as 2001 is a positive sign. A further strengthening of the capital base is, however, imperative to firm up the enterprises' "shock resistance" and to keep external financing premiums low when borrowing funds, especially from banks.

The tables accompanying this article are printed on the following pages.

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

€ billion

Item	All economic sectors 1								Manufacturing	
	All legal forms		Corporations 3		Partnerships 4		Sole proprietorships		All legal forms	
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
I Balance sheet										
Assets										
Tangible fixed assets 5	526.5	541	318.5	331.5	136	135	72.5	74.5	223.5	235
Inventories 6	470	489.5	244.5	254.5	144	151	81.5	84	189	203
of which:										
Raw materials and consumables	65	71	36.5	40	22	24	6.5	7	49	53.5
Work in progress	73.5	78.5	44.5	45	22	23.5	7	10	48.5	51
Finished goods, goods for resale	245.5	255.5	115	120.5	75	78.5	55.5	56.5	72	77
Non-financial assets	997	1,030	563	585.5	280	286	154	158.5	412.5	438
Cash 7	88.5	80	52.5	47.5	28	25.5	8	7	41	36
Debtors	638	688.5	434	471.5	163	174.5	41	42	319.5	347.5
Short-term	594	643	403.5	439.5	151.5	163.5	39	40	299.5	324
of which:										
Trade debtors	284.5	300.5	167	179.5	87	90	30.5	31	122.5	130
Long-term	44	45.5	30	32	11.5	11	2	2	20	24
Investments	61.5	66	56	60.5	5	5.5	0	0	27.5	29
Participating interests	237	277	207	242.5	28.5	32.5	1.5	2	152	179
Financial assets	1,025.5	1,111.5	749.5	822	225	238	51	51.5	540.5	592
Prepayments	8.5	8.5	4.5	4	2.5	2.5	2	2	2.5	2.5
Balance sheet total 8	2,031	2,150	1,316.5	1,411.5	507	526.5	207	212	955.5	1,032.5
Liabilities										
Own funds 9,10	356	370	319	328.5	58	62.5	– 21	– 21.5	226.5	234
Creditors	1,267.5	1,347.5	664.5	729.5	383.5	393.5	219.5	224.5	497.5	548.5
Short-term	912	1,000.5	519	585	259.5	278	133.5	137.5	369.5	425
of which:										
to credit institutions	193	205.5	83	88	64.5	69	45	48	68	74
Trade creditors	255	275	129.5	145.5	72	76.5	53	53.5	89	99.5
Long-term	355	346.5	145.5	144.5	124	115.5	86	86.5	128	123.5
of which:										
to credit institutions	235.5	233.5	91	90	69	68	75.5	76	80	80
Provisions 10	398	423	325.5	344.5	64.5	69.5	8.5	9	229.5	247
of which:										
Provisions for pensions	167.5	179	142.5	152	24	26.5	1	1	117	125.5
Borrowed funds	1,665.5	1,770	990	1,074	448	463	227.5	233.5	727	795.5
Deferred income	9.5	10	8	9	1	1	0	0	2	3
Balance sheet total 8	2,031	2,150	1,316.5	1,411.5	507	526.5	207	212	955.5	1,032.5
II Profit and loss account										
Turnover	3,151.5	3,367.5	1,838	1,991	962.5	1,019.5	351.5	357	1,396	1,514.5
Change in stocks of own products 11	26	28.5	12	15	9	10.5	5	3.5	2	9
Total output	3,178	3,396.5	1,850	2,006	971.5	1,030	356.5	360.5	1,398	1,523.5
Interest received	18	21	14.5	17	3	3.5	0.5	0.5	9	10.5
Other income	166.5	188	122	139	34.5	38.5	10	11	88	100.5
Total income	3,362	3,605.5	1,986	2,161.5	1,009	1,072	367	372	1,495	1,634.5
Cost of materials	1,989	2,175.5	1,168	1,303	617.5	666	203.5	206.5	761	861
Labour cost 12	585.5	597	333.5	338.5	182	187.5	70	70.5	314.5	323.5
Depreciation	124	129.5	74.5	79.5	33	34	16	16	63.5	69.5
of which: of tangible fixed assets	109	112	64.5	67.5	29.5	29.5	14.5	14.5	55.5	59.5
Interest paid	44	49.5	20.5	25	13	14.5	10	10	17.5	21.5
Taxes	97	99.5	82	84	12.5	13	2	2	67	67
on income and earnings 13	34.5	34	27	26.5	6	6.5	1.5	1.5	18	19
Other	62.5	65	55	57.5	6.5	7	1	1	49	48
of which: Excise taxes	51.5	53.5	51	53	0.5	0.5	0.5	0.5	41.5	40
Other cost	459	487	283.5	303.5	125.5	132	50	51.5	233.5	250
Total cost	3,298	3,537.5	1,962.5	2,133.5	984	1,047	351.5	357	1,457	1,593
Profit for the year 14	64.5	68	24	28	25	25	15.5	15	38	41.5
Annual result 15	69.5	75.5	29	35.5	25	25	15.5	15	38.5	45.5
Annual result before taxes on income 16	103.5	109.5	56	62	31	31	16.5	16.5	57	64.5

* Extrapolated results on the basis of data from the turnover tax statistics of the Federal Statistical Office; estimated figures, rounded to the nearest half or full € billion. Discrepancies in the totals due to rounding. — **1** Electricity, gas and water supply, mining (including quarrying), manufacturing, construction, wholesale and retail trade and transport (excluding railways and communication). — **2** Including reproduction of recorded media. — **3** Including cooperative societies, foundations, public-law institutions etc. — **4** Including companies constituted under civil law. — **5** Including intangible assets. — **6** Including contracts in progress. — **7** Banknotes, coins and bank bal-

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of which:										
Manufacture of food products and beverages		Manufacture of wood and wood products (excluding furniture)		Publishing and printing [2]		Manufacture of chemicals and chemical products		Manufacture of rubber and plastic products		
1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	Item
										I Balance sheet
										Assets
28.5	28.5	6	6	12.5	12	26	29	9.5	10	Tangible fixed assets [5]
13	13.5	4.5	5	5.5	5.5	16	19	6	6.5	Inventories [6]
										of which:
4	4.5	1.5	1.5	1	1.5	4.5	5	1.5	2	Raw materials and consumables
1	1	1	1	1.5	1.5	2.5	3	1	1	Work in progress
8	8	2	2	2.5	3	9.5	11	2.5	3	Finished goods, goods for resale
41.5	42	10.5	11	18	18	42	48	15.5	16.5	Non-financial assets
3.5	2.5	0.5	0.5	2.5	3	3	1.5	1	1	Cash [7]
25	26.5	4	4.5	17	17	40.5	44	10.5	11	Debtors
22	22.5	3.5	4	15.5	16	38	38.5	9.5	10.5	Short-term
										of which:
10.5	11	2	2.5	7.5	7	11	12.5	5	5	Trade debtors
3	3.5	0.5	0.5	1.5	1.5	2.5	5.5	1	0.5	Long-term
1	1.5	0	0	1	1	2	2	0	0	Investments
8	9	0.5	0.5	4	4.5	45	49	4	5	Participating interests
37.5	39.5	5	6	24.5	25.5	90.5	96.5	15.5	17	Financial assets
0	0.5	0	0	0	0	0	0	0	0	Prepayments
79	81.5	15.5	17	42.5	43.5	132.5	145	31	33	Balance sheet total [8]
										Liabilities
15	16	1	1	6	6	44	46.5	6	6.5	Own funds [9,10]
52.5	53.5	13.5	14.5	27	27.5	52.5	58.5	20.5	21.5	Creditors
34	36	7.5	9	18.5	19	45	51	13.5	15	Short-term
										of which:
10	11	2.5	2.5	3.5	3.5	5.5	5	3	3.5	to credit institutions
11	11	2.5	2.5	6	6.5	6.5	8	3	3	Trade creditors
18.5	17.5	5.5	5.5	8.5	8.5	7.5	7.5	7	7	Long-term
										of which:
13.5	12.5	4.5	4.5	6	6	4	4.5	5	5	to credit institutions
11.5	12.5	1	1	9.5	9.5	36	39	4.5	5	Provisions [10]
										of which:
4.5	4.5	0.5	0.5	5	5.5	22.5	24.5	2	2	Provisions for pensions
64	65.5	14.5	15.5	36.5	37	88.5	97.5	25	26.5	Borrowed funds
0	0	0	0	0.5	0.5	0	1	0	0	Deferred income
79	81.5	15.5	17	42.5	43.5	132.5	145	31	33	Balance sheet total [8]
										II Profit and loss account
147.5	153.5	24.5	25	66.5	68.5	126.5	141.5	47.5	51	Turnover
0	0.5	0.5	0.5	0	0	0.5	1	0.5	0.5	Change in stocks of own products [11]
147.5	154	24.5	25.5	66.5	68.5	127	143	47.5	51.5	Total output
0.5	0.5	0	0	0.5	0.5	1	1	0	0	Interest received
6.5	6.5	1	1	3.5	4	14.5	18.5	2	2	Other income
154.5	161.5	25.5	26.5	70	73	142.5	162.5	49.5	54	Total income
92.5	98	13.5	14	27	28.5	61	71.5	24.5	27.5	Cost of materials
21	21.5	6	6	19.5	20	27.5	29	12.5	13	Labour cost [12]
6.5	6.5	1.5	1.5	3.5	3.5	8	9.5	2.5	2.5	Depreciation
6	6	1	1	3	3	7	8	2	2.5	*of which:* of tangible fixed assets
2	2	0.5	0.5	1	1	2	3	0.5	1	Interest paid
3.5	3.5	0	0	1	1.5	2.5	3.5	0.5	0.5	Taxes
1	1	0	0	1	1	2	3	0.5	0.5	on income and earnings [13]
2.5	2.5	0	0	0	0	0	0	0	0	Other
1	1	0	0	0	0	0	0	0	0	*of which:* Excise taxes
26	26.5	3.5	4	15.5	16	35.5	39	8	8.5	Other cost
151.5	158.5	25	26	68	70.5	136	154.5	48	53	Total cost
2.5	3	0.5	0.5	2.5	2.5	6.5	8	1.5	1	Profit for the year [14]
3	3	0	0.5	3	2.5	7	10	1.5	1.5	Annual result [15]
4	4	0.5	0.5	4	4	9.5	13	2	2	Annual result before taxes on income [16]

ances. — **8** Less adjustments to capital accounts. — **9** Capital, reserves and profit brought forward less adjustments to capital accounts. — **10** Including pro rata share of special reserves. — **11** Including other capitalised production. — **12** Wages, salaries, social security contributions and voluntary social security expenditure. — **13** In the case of partnerships and sole proprietorships, trade earnings tax only. — **14** Total income less total cost. — **15** Profit for the year before profit and loss transfers. — **16** Taxes on income and earnings.

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

€ billion

Item	Manufacturing (cont'd), *of which:*									
	Manufacture of other non-metallic mineral products		Manufacture of fabricated metal products		Manufacture of machinery and equipment		Manufacture of electrical machinery and apparatus		Manufacture of medical, precision and optical instruments	
	All legal forms (cont'd)									
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
I Balance sheet										
Assets										
Tangible fixed assets 3	12.5	13	18.5	19.5	21.5	22	11.5	13	6.5	7.5
Inventories 4	6.5	7	16.5	18	34	37	17	19.5	7.5	9
of which:										
Raw materials and consumables	1.5	1.5	3.5	4	8	8	4	5.5	2	2.5
Work in progress	1	1	5.5	6	13.5	16	4	4.5	2.5	3
Finished goods, goods for resale	3.5	4	5.5	5.5	9	8.5	5	5.5	2.5	3
Non-financial assets	19	20	35	37	56	59	28.5	32.5	14	16.5
Cash 5	1.5	1	3	3	6.5	6	2.5	7.5	1.5	1.5
Debtors	9.5	10	19	21.5	49	54.5	33.5	40	10.5	13
Short-term	8.5	9	17	20	47	51	32.5	38.5	10	12
of which:										
Trade debtors	3.5	3.5	9.5	10.5	20	21	13.5	13.5	4.5	4.5
Long-term	1	1	1.5	1.5	2	3	1	1.5	1	1
Investments	0.5	0.5	0.5	0.5	2.5	2.5	9.5	11	0	0
Participating interests	4	4.5	3.5	4	15.5	17	18.5	22	3.5	4.5
Financial assets	15.5	16	26	29	73.5	79.5	64	80.5	16	19
Prepayments	0	0	0.5	0.5	0.5	0.5	0	0	0	0
Balance sheet total 6	35	36	61	67	129.5	139	92.5	113	30	35
Liabilities										
Own funds 7,8	7.5	8	9	10.5	33.5	34	23.5	25	6.5	8
Creditors	21	21.5	43	46.5	67.5	74.5	42	57	16	18
Short-term	14	14	28.5	32.5	51.5	58.5	34	49	11	13
of which:										
to credit institutions	3.5	3.5	7	8	10.5	10	4	4.5	3	3.5
Trade creditors	2.5	2.5	7	8	10.5	12	6.5	8	2	2.5
Long-term	7.5	7.5	14.5	14.5	16	16	8	8	5	5
of which:										
to credit institutions	5	5	10	10	9.5	10	3.5	3.5	3	3
Provisions 8	6	6	9	9.5	29	30.5	27	31	7	9
of which:										
Provisions for pensions	2.5	2.5	4	4.5	13.5	14	13.5	15.5	4	5
Borrowed funds	27.5	28	52	56.5	96	105	69	88	23.5	27
Deferred income	0	0	0	0	0	0	0	0	0	0
Balance sheet total 6	35	36	61	67	129.5	139	92.5	113	30	35
II Profit and loss account										
Turnover	43.5	44	92	99.5	165	173	115	128	35	41
Change in stocks of own products 9	0	0	1	1.5	0.5	2	0.5	1.5	0.5	0.5
Total output	43.5	44	93	101.5	165.5	175	115.5	129	35.5	41.5
Interest received	0	0.5	0.5	0.5	1	1.5	1.5	2	0	0
Other income	3	3.5	4	4.5	10.5	10.5	8.5	13	2.5	3.5
Total income	47	47.5	97	106.5	176.5	187.5	125.5	144.5	38	45
Cost of materials	20	20.5	42.5	47.5	84.5	92	68.5	78.5	16	19.5
Labour cost 10	11.5	11.5	29.5	31	50	51	29.5	31.5	12	13.5
Depreciation	3	3	5	5	6	6.5	4.5	5	1.5	2
of which: of tangible fixed assets	3	2.5	4.5	4.5	5	5.5	4	4	1.5	1.5
Interest paid	1	1	1.5	2	2	2.5	1.5	2	0.5	0.5
Taxes	0.5	0.5	1	1.5	3	3	1	1.5	0.5	0.5
on income and earnings 11	0.5	0.5	1	1.5	3	3	1	1.5	0.5	0.5
Other	0	0	0	0	0	0	0	0	0	0
of which: Excise taxes	0	0	0	0	0	0	0	0	0	0
Other cost	9.5	9.5	14.5	16	27.5	27.5	17	20	7	8.5
Total cost	45.5	46.5	94	103	172.5	183	122.5	138.5	37.5	44
Profit for the year 12	1.5	1.5	3	3.5	4	4.5	3	5.5	0.5	1
Annual result 13	1.5	1.5	3	4	5.5	5.5	3	5.5	0.5	1
Annual result before taxes on income 14	2.5	2.5	4	5	8	8.5	4	7	0.5	1.5

* Extrapolated results on the basis of data from the turnover tax statistics of the Federal Statistical Office; estimated figures, rounded to the nearest half or full € billion. Discrepancies in the totals due to rounding. — **1** Including repair of motor vehicles, motorcycles and personal and household goods. — **2** Excluding communication. — **3** Including intangible assets. — **4** Including contracts in progress. — **5** Banknotes, coins and bank balances. — **6** Less adjustments to capital accounts. — **7** Capital, reserves and profit brought forward less

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Electricity, gas and water supply		Construction		Wholesale trade and commission trade		Retail trade (including sale of motor vehicles and automotive fuel) [1]		Transport (excluding railways) [2]		
1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	Item
										I Balance sheet
										Assets
101.5	101	36.5	35.5	45	46	55	56	53	57.5	Tangible fixed assets [3]
5	5	98.5	96	72.5	77	102.5	103.5	2	3	Inventories [4]
										of which:
2.5	2.5	6	5.5	3.5	4	2.5	3	1	1	Raw materials and consumables
1	1	23	24.5	1	1.5	0.5	1	0.5	1	Work in progress
1	1	7.5	7.5	65.5	69	98	98.5	0.5	1	Finished goods, goods for resale
106.5	106.5	135	131.5	117	123	157	159.5	55	60	Non-financial assets
7.5	7	11	9	15	14	9	9	4	4	Cash [5]
46	55	55	53.5	122	130	55.5	63.5	29.5	33	Debtors
42	51	51.5	49.5	116	123.5	51.5	59.5	25.5	28	Short-term
										of which:
18	22.5	33	31.5	70.5	74	26.5	26.5	12	14	Trade debtors
4.5	3.5	3.5	4	6	6.5	4	4	4	5	Long-term
23.5	26.5	4.5	3.5	1.5	1.5	0.5	0.5	1	1	Investments
38	42.5	5	5.5	21	23.5	9.5	11.5	6.5	8	Participating interests
115	130.5	76	72	160	169	74.5	84	41	46	Financial assets
0.5	0.5	3	2.5	1	1	0.5	0.5	1.5	1.5	Prepayments
222	237.5	214	206	278	292.5	232	244.5	97.5	107.5	Balance sheet total [6]
										Liabilities
58	58.5	4	4	43.5	45.5	5.5	7.5	15.5	17	Own funds [7,8]
88	98.5	189.5	182	209	220	208	216	63.5	70	Creditors
45	57.5	155.5	149.5	163	175	141	149.5	34	39.5	Short-term
										of which:
5	4.5	22.5	22	41	45	48.5	49.5	8.5	9.5	to credit institutions
8	10.5	33.5	32	58.5	60.5	53.5	56.5	12	13.5	Trade creditors
43	41	34.5	32.5	46.5	44.5	67	66.5	29	30.5	Long-term
										of which:
22.5	20.5	27	26	29	29	51	51.5	22	22.5	to credit institutions
70.5	74.5	20	19.5	25	26.5	18.5	20	18	20	Provisions [8]
										of which:
18	19.5	4.5	5	9.5	10.5	7	7.5	7.5	8	Provisions for pensions
158.5	173	210	202	234.5	246.5	226.5	236	81.5	90	Borrowed funds
5.5	6	0	0	0.5	0.5	0.5	0.5	0.5	1	Deferred income
222	237.5	214	206	278	292.5	232	244.5	97.5	107.5	Balance sheet total [6]
										II Profit and loss account
128.5	144	228.5	219	680	740.5	570.5	588	123	134.5	Turnover
1	1	22.5	18	0.5	0.5	0	0.5	0	0	Change in stocks of own products [9]
129	144.5	251	237	680.5	741.5	570.5	588.5	123.5	135	Total output
3	3.5	1.5	1	2.5	3	1	1.5	0.5	1	Interest received
12	14	9.5	11	23	24	15	17.5	14	18	Other income
144.5	162	262	249	706.5	768	587	607.5	138	153.5	Total income
77	94	129.5	123	547.5	603	413	425.5	52	59	Cost of materials
18.5	18	81	76.5	58.5	60	69.5	72.5	35	37	Labour cost [10]
14	13	10.5	9.5	11	11.5	11.5	12	11	12.5	Depreciation
13	12	8.5	7.5	8.5	8.5	10.5	10.5	11	12	*of which:* of tangible fixed assets
2.5	2.5	4.5	4.5	7	8	9	9.5	2.5	3	Interest paid
8.5	9.5	1.5	1.5	12	13	5	5.5	2	2	Taxes
7	6.5	1	1	3.5	3.5	2	2	1.5	1.5	on income and earnings [11]
1.5	3	0.5	0.5	8.5	9	3	4	0.5	0.5	Other
0.5	1.5	0	0	7	7.5	2.5	3.5	0	0	*of which:* Excise taxes
19.5	21	34	33	61.5	65	70.5	74	32.5	36	Other cost
140	157.5	261	248	698	760.5	578.5	599	135	149.5	Total cost
4.5	5	1	1	8.5	7.5	8.5	9	3	4	Profit for the year [12]
7	8	1.5	1	9	8.5	9	9	2	2.5	Annual result [13]
14.5	14.5	2.5	2	13	12	10.5	11	3	3.5	Annual result before taxes on income [14]

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** In the case of partnerships and sole proprietorships, trade earnings tax only. — **12** Total income less total cost. — **13** Profit for the year before profit and loss transfers. — **14** Taxes on income and earnings.

Selected ratios *

Item	All economic sectors [1]								Manufacturing	
	All legal forms		Corporations [3]		Partnerships [4]		Sole proprietorships		All legal forms	
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
I Balance sheet ratios	% of balance sheet total (adjusted)									
Assets										
Tangible fixed assets [5]	26	25	24	23.5	27	25.5	35	35	23.5	23
Inventories [6]	23	23	18.5	18	28.5	28.5	39.5	39.5	20	19.5
Cash [7]	4.5	3.5	4	3.5	5.5	5	4	3.5	4.5	3.5
Debtors	31.5	32	33	33.5	32	33	20	20	33.5	33.5
Short-term	29.5	30	30.5	31	30	31	19	19	31.5	31.5
Long-term	2	2	2.5	2.5	2.5	2	1	1	2	2.5
Investments	3	3	4.5	4.5	1	1	0	0	3	3
Participating interests	11.5	13	15.5	17	5.5	6	1	1	16	17.5
Liabilities										
Own funds (adjusted) [8]	17.5	17	24	23.5	11.5	12	– 10	– 10	23.5	22.5
Creditors	62.5	62.5	50.5	51.5	75.5	75	106	106	52	53
Short-term	45	46.5	39.5	41.5	51	53	64.5	65	38.5	41
Long-term	17.5	16	11	10	24.5	22	41.5	41	13.5	12
Provisions [8]	19.5	19.5	24.5	24.5	12.5	13	4	4	24	24
of which: Provisions for pensions	8.5	8.5	11	11	5	5	0.5	0.5	12.5	12
Memo item: Turnover	155	156.5	139.5	141	189.5	193.5	170	168.5	146	146.5
II Profit and loss account ratios	% of total output									
Turnover	99	99	99.5	99.5	99	99	98.5	99	100	99.5
Change in stocks of own products [9]	1	1	0.5	0.5	1	1	1.5	1	0	0.5
Total output	100	100	100	100	100	100	100	100	100	100
Interest received	0.5	0.5	1	1	0.5	0.5	0	0	0.5	0.5
Other income	5	5.5	6.5	7	3.5	3.5	3	3	6.5	6.5
Total income	106	106	107.5	108	104	104	103	103	107	107.5
Cost of materials	62.5	64	63	65	63.5	64.5	57	57.5	54.5	56.5
Labour cost [10]	18.5	17.5	18	17	19	18	19.5	19.5	22.5	21
Depreciation of tangible fixed assets	3.5	3.5	3.5	3.5	3	3	4	4	4	4
Other depreciation [11]	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Interest paid	1.5	1.5	1	1	1.5	1.5	3	3	1.5	1.5
Taxes	3	3	4.5	4	1.5	1.5	0.5	0.5	5	4.5
on income and earnings [12]	1	1	1.5	1.5	0.5	0.5	0.5	0.5	1.5	1
Other cost	14.5	14.5	15.5	15	13	13	14	14.5	16.5	16.5
Total cost	104	104	106	106.5	101.5	101.5	98.5	99	104	104.5
Profit for the year	2	2	1.5	1.5	2.5	2.5	4.5	4	2.5	2.5
	% of turnover									
Annual result [13]	2	2	1.5	2	2.5	2.5	4.5	4	3	3
Annual result before taxes on income [14]	3.5	3.5	3	3	3	3	5	4.5	4	4.5
Internally generated funds [15]	7	7	6.5	7	6.5	6	9	9	8	8.5
III Other ratios	% of turnover									
Inventories	15	14.5	13.5	13	15	15	23	23.5	13.5	13.5
Short-term debtors	19	19	22	22	16	16	11	11	21.5	21.5
	% of tangible fixed assets									
Own funds (adjusted)	67.5	68.5	100	99	43	46.5	– 28.5	– 28.5	101	99.5
Long-term liabilities [16]	170	168.5	194	191.5	153.5	153.5	94	91.5	213.5	208
	% of fixed assets [17]									
Long-term liabilities [16]	107.5	102	107	100.5	117.5	114.5	89	87	118	109
	% of short-term creditors									
Liquidities [18] and short-term debtors	79	76	94.5	89	70.5	69	35.5	34.5	97.5	89
Liquidities,[18] short-term debtors and inventories	130.5	125	141.5	132.5	126	123.5	96.5	95.5	148.5	137
	% of borrowed funds [19] less cash									
Internally generated funds [15]	14	13.5	13	13	15	14.5	14	14	16.5	17.5
	% of balance sheet total (adjusted)									
Annual result [13] and interest paid	5.5	6	4	4.5	7.5	7.5	12	12	6	6.5

* Calculated from estimated extrapolations and rounded to the nearest half or full percentage point. — **1** Electricity, gas and water supply, mining (including quarrying), manufacturing, construction, wholesale and retail trade and transport (excluding railways and communication). — **2** Including reproduction of recorded media. — **3** Including cooperative societies, foundations, public-law institutions etc. — **4** Including companies constituted under civil law. — **5** Including intangible assets. — **6** Including contracts in progress. — **7** Banknotes, coins and bank balances. — **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

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of which										
Manufacture of food products and beverages		Manufacture of wood and wood products (excluding furniture)		Publishing and printing [2]		Manufacture of chemicals and chemical products		Manufacture of rubber and plastic products		
1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	Item
% of balance sheet total (adjusted)										I Balance sheet ratios
										Assets
35.5	34.5	37.5	36	29	28	19.5	20	30.5	29.5	Tangible fixed assets [5]
16.5	16.5	29.5	29	12.5	13	12	13	19	19.5	Inventories [6]
4.5	3	4.5	4	5.5	6.5	2.5	1	3.5	2.5	Cash [7]
32	32.5	25	26.5	40	39.5	30.5	30.5	33	33.5	Debtors
28	28	22	23	36.5	36.5	28.5	26.5	30.5	31	Short-term
4	4.5	2.5	3	3.5	3	2	4	3	2	Long-term
1.5	1.5	1.5	1.5	2	2	1.5	1.5	0.5	0	Investments
10	11	2	3	9.5	10.5	34	34	13.5	14.5	Participating interests
										Liabilities
19	19.5	5.5	6.5	13.5	14	33.5	32	20	19.5	Own funds (adjusted) [8]
66.5	65.5	87	86.5	63.5	63.5	39.5	40.5	65	65	Creditors
43	44	50	52.5	43	44	33.5	35	43	44.5	Short-term
23.5	21.5	37	34	20.5	19.5	6	5.5	22	20.5	Long-term
14.5	15	7.5	7	21.5	22	27	27	14.5	15	Provisions [8]
										of which:
5.5	5.5	2	2	12	12.5	17	17	6.5	6.5	Provisions for pensions
186.5	188.5	157.5	148	155.5	156.5	95.5	98	152	154	*Memo item:* Turnover
% of total output										II Profit and loss account ratios
100	99.5	99	98	100	100	100	99	99.5	99	Turnover
0	0.5	1	2	0	0	0	1	0.5	1	Change in stocks of own products [9]
100	100	100	100	100	100	100	100	100	100	Total output
0.5	0.5	0.5	0.5	0.5	0.5	1	1	0.5	0.5	Interest received
4.5	4.5	3	3.5	5	6	11.5	13	4	4	Other income
104.5	105	103.5	103.5	105.5	106.5	112.5	113.5	104.5	104.5	Total income
62.5	63.5	55	54.5	40.5	42	48	50	51	53.5	Cost of materials
14.5	14	24.5	24	29.5	29	22	20	26	25	Labour cost [10]
4	4	5	4.5	4.5	4.5	5.5	5.5	4.5	4.5	Depreciation of tangible fixed assets
0.5	0.5	1	0.5	0.5	0.5	0.5	1	0.5	0.5	Other depreciation [11]
1.5	1.5	2.5	2.5	1.5	1.5	1.5	2	1.5	1.5	Interest paid
2.5	2.5	0.5	0.5	2	2	2	2.5	1	1	Taxes
1	1	0.5	0.5	1.5	2	2	2.5	1	1	on income and earnings [12]
17.5	17.5	14	15	23.5	23	28	27	16.5	16.5	Other cost
103	103	102.5	102.5	102	103	107	108	101.5	102.5	Total cost
2	2	1	1	3.5	3.5	5	5.5	3	2	Profit for the year
% of turnover										
2	2	1	1	4	4	5.5	7	3.5	2.5	Annual result [13]
3	2.5	1.5	1.5	6	5.5	7.5	9.5	4.5	3.5	Annual result before taxes on income [14]
6	6.5	7	6.5	11	9.5	13.5	16	9.5	8.5	Internally generated funds [15]
% of turnover										III Other ratios
9	9	18.5	19.5	8	8	13	13.5	12.5	12.5	Inventories
15	15	14	15.5	23.5	23	30	27	20	20	Short-term debtors
% of tangible fixed assets										
53	55.5	15	18.5	47	49.5	171	159.5	66	67	Own funds (adjusted)
136	136.5	121	119.5	160.5	164.5	291.5	273.5	160.5	159.5	Long-term liabilities [16]
% of fixed assets [17]										
96.5	93.5	105.5	102	110	108.5	102.5	94.5	104	102	Long-term liabilities [16]
% of short-term creditors										
76	73.5	54.5	54	102.5	101	96	81.5	78.5	76	Liquidities [18] and short-term debtors
114.5	111.5	113	109.5	132	130	132	119	122.5	119.5	Liquidities,[18] short-term debtors and inventories
% of borrowed funds [19] less cash										
15	16	12	11	22	19	20.5	24	18.5	16.5	Internally generated funds [15]
% of balance sheet total (adjusted)										
6	6	5.5	5.5	9	9	7	9	7.5	6.5	Annual result [13] and interest paid

partnerships and sole proprietorships, trade earnings tax only. — **13** Profit for the year before profit and loss transfers. — **14** Taxes on income and earnings. — **15** Cash flow: annual result, depreciation allowances, changes in provisions, in special reserves and prepayments and deferred income less write-ups of tangible fixed assets. — **16** Own funds, provisions for pensions, long-term creditors and special reserves. — **17** Tangible fixed assets (including intangible assets), participating interests, long-term debtors and investments held as fixed assets. — **18** Cash and investments held as current assets. — **19** Creditors, provisions and pro rata share of special reserves.

Selected ratios * (cont'd)

Item	Manufacturing sector (cont'd), *of which*									
	Manufacture of other non-metallic mineral products		Manufacture of fabricated metal products		Manufacture of machinery and equipment		Manufacture of electrical machinery and apparatus		Manufacture of medical, precision and optical instruments	
	All legal forms (cont'd)									
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
I Balance sheet ratios	% of balance sheet total (adjusted)									
Assets										
Tangible fixed assets 3	36.5	36	30.5	29	16.5	16	12.5	11.5	21.5	21
Inventories 4	18.5	19.5	26.5	27	26.5	26.5	18	17	25.5	25
Cash 5	5	3	5	4.5	5	4.5	3	6.5	4.5	4
Debtors	27	27.5	31	32.5	37.5	39	36	35.5	35.5	36.5
Short-term	24.5	24.5	28	30	36	37	35	34	33	33.5
Long-term	2.5	3	2.5	2.5	1.5	2.5	1	1.5	2.5	3
Investments	1	1	1	1	2	1.5	10.5	9.5	0.5	0.5
Participating interests	11.5	12.5	6	6	12	12	20	19.5	12.5	12.5
Liabilities										
Own funds (adjusted) 6	21.5	22.5	15	15.5	26	24.5	25	22	22	23
Creditors	60.5	60.5	70.5	70	52	53.5	45.5	50.5	53.5	51
Short-term	39.5	39	46.5	48.5	39.5	42	36.5	43	36.5	37
Long-term	21	21.5	24	21.5	12.5	11.5	8.5	7	17	14
Provisions 6	17.5	17	14.5	14.5	22	22	29.5	27.5	24	26
of which: Provisions for pensions	7	7.5	6.5	6.5	10.5	10	15	13.5	13	13.5
Memo item: Turnover	125	122.5	151	149.5	127.5	124.5	124	113.5	116.5	116
II Profit and loss account ratios	% of total output									
Turnover	99.5	99.5	99	98.5	100	98.5	99.5	99	99	99
Change in stocks of own products 7	0.5	0.5	1	1.5	0	1.5	0.5	1	1	1
Total output	100	100	100	100	100	100	100	100	100	100
Interest received	0.5	0.5	0.5	0.5	0.5	1	1.5	1.5	0.5	0.5
Other income	7.5	7.5	4.5	4.5	6	6	7.5	10	7	8.5
Total income	107.5	108.5	104.5	105	107	107	109	111.5	107	109
Cost of materials	46	46	45.5	47	51	52.5	59.5	61	45.5	46.5
Labour cost 8	26.5	26.5	32	30.5	30	29	26	24.5	34.5	32.5
Depreciation of tangible fixed assets	6.5	6	5	4.5	3	3	3.5	3	3.5	3.5
Other depreciation 9	0.5	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Interest paid	2	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Taxes	1.5	1.5	1.5	1.5	2	2	1	1	1.5	1
on income and earnings 10	1.5	1.5	1	1	1.5	2	1	1	1	1
Other cost	21.5	22	15.5	15.5	16.5	16	14.5	15.5	19.5	20.5
Total cost	104	105.5	101.5	101.5	104.5	104.5	106	107.5	106.5	107
Profit for the year	3.5	3	3	3.5	2.5	2.5	2.5	4.5	1	2
	% of turnover									
Annual result 11	4	4	3.5	4	3.5	3	2.5	4.5	1	2
Annual result before taxes on income 12	5.5	5	4.5	5.5	5	5	3.5	5.5	2	3.5
Internally generated funds 13	10.5	10.5	9.5	10	6	8	8	11	8.5	11
III Other ratios	% of turnover									
Inventories	15	16	17.5	18	20.5	21.5	14.5	15	22	21.5
Short-term debtors	19.5	20	18.5	20	28.5	29.5	28	30	28.5	29
	% of tangible fixed assets									
Own funds (adjusted)	59.5	62.5	49	54	155	155	201.5	191.5	104	109.5
Long-term liabilities 14	138.5	144.5	152.5	153.5	293	292	394	375.5	249	244.5
	% of fixed assets 15									
Long-term liabilities 14	99	100.5	117	116.5	160	151	146	131.5	145.5	140
	% of short-term creditors									
Liquidities 16 and short-term debtors	76	73	72	71.5	108	100.5	130.5	115	103	102.5
Liquidities, 16 short-term debtors and inventories	123	123	129.5	127.5	174.5	164	180	154.5	172.5	170.5
	% of borrowed funds 17 less cash									
Internally generated funds 13	18.5	17.5	17.5	19	11.5	14	14	18	13	17.5
	% of balance sheet total (adjusted)									
Annual result 11 and interest paid	7	7	7.5	8.5	6	6	5	7	2.5	4

* Calculated from estimated extrapolations and rounded to the nearest half or full percentage point. — **1** Including repair of motor vehicles, motorcycles and personal and household goods. — **2** Excluding communication. — **3** Including intangible assets. — **4** Including contracts in progress. — **5** Banknotes, 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

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Electricity, gas and water supply		Construction		Wholesale trade and commission trade		Retail trade (including sale of motor vehicles and automotive fuel) 1		Transport (excluding railways) 2		
1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	Item
% of balance sheet total (adjusted)										I Balance sheet ratios
										Assets
45.5	42.5	17	17.5	16	15.5	23.5	23	54.5	53	Tangible fixed assets 3
2.5	2	46	46.5	26	26	44	42.5	2	2.5	Inventories 4
3.5	3	5	4.5	5.5	5	4	3.5	4	4	Cash 5
21	23	25.5	26	44	44.5	24	26	30.5	30.5	Debtors
19	21.5	24	24	42	42	22	24.5	26	26	Short-term
2	1.5	1.5	2	2	2	2	1.5	4.5	4.5	Long-term
10.5	11	2	2	0.5	0.5	0	0	1	1	Investments
17	18	2.5	2.5	7.5	8	4	4.5	6.5	7.5	Participating interests
										Liabilities
26	24.5	2	2	15.5	15.5	2.5	3	16	15.5	Own funds (adjusted) 6
39.5	41.5	88.5	88.5	75	75	89.5	88.5	65	65	Creditors
20	24	72.5	72.5	58.5	60	60.5	61.5	35	36.5	Short-term
19.5	17.5	16	16	16.5	15.5	29	27	30	28.5	Long-term
32	31.5	9.5	9.5	9	9	8	8	18.5	18.5	Provisions 6
										of which:
8	8	2	2.5	3.5	3.5	3	3	7.5	7.5	Provisions for pensions
58	60.5	107	106.5	244.5	253	245.5	240.5	126.5	125	*Memo item:* Turnover
% of total output										II Profit and loss account ratios
99.5	99.5	91	92.5	100	100	100	100	100	100	Turnover
0.5	0.5	9	7.5	0	0	0	0	0	0	Change in stocks of own products 7
100	100	100	100	100	100	100	100	100	100	Total output
2.5	2.5	0.5	0.5	0.5	0.5	0	0	0.5	0.5	Interest received
9.5	10	4	4.5	3.5	3	2.5	3	11.5	13	Other income
111.5	112	104.5	105	104	103.5	103	103	112	114	Total income
59.5	65	51.5	52	80.5	81.5	72.5	72.5	42	43.5	Cost of materials
14.5	12.5	32	32	8.5	8	12	12.5	28.5	27.5	Labour cost 8
10	8	3.5	3	1	1	2	2	9	9	Depreciation of tangible fixed assets
0.5	0.5	1	1	0.5	0.5	0	0	0.5	0.5	Other depreciation 9
2	1.5	2	2	1	1	1.5	1.5	2	2	Interest paid
6.5	6.5	0.5	0.5	2	1.5	1	1	1.5	1.5	Taxes
5.5	4.5	0.5	0.5	0.5	0.5	0.5	0.5	1	1	on income and earnings 10
15	14.5	13.5	14	9	9	12.5	12.5	26.5	27	Other cost
108.5	109	104	104.5	102.5	102.5	101.5	101.5	109.5	111	Total cost
3.5	3.5	0.5	0.5	1	1	1.5	1.5	2.5	3	Profit for the year
% of turnover										
5.5	5.5	0.5	0.5	1.5	1	1.5	1.5	1.5	1.5	Annual result 11
11	10	1	1	2	1.5	2	2	2.5	2.5	Annual result before taxes on income 12
21	17.5	6	4.5	3	3	3.5	3.5	11	12.5	Internally generated funds 13
% of turnover										III Other ratios
4	3.5	43	44	10.5	10.5	18	17.5	2	2	Inventories
32.5	35.5	22.5	22.5	17	16.5	9	10	20.5	21	Short-term debtors
% of tangible fixed assets										
57.5	58	10.5	11	96.5	99	9.5	14	29	29.5	Own funds (adjusted)
121.5	122	119	118.5	224	221	147	148.5	101.5	100	Long-term liabilities 14
% of fixed assets 15										
79	76	93.5	92	138	133	118	116	84.5	81.5	Long-term liabilities 14
% of short-term creditors										
134.5	121	42.5	41.5	81	79	43	46	88.5	83.5	Liquidities 16 and short-term debtors
146	130	106	105.5	125.5	123	115.5	115	95	91	Liquidities,16 short-term debtors and inventories
% of borrowed funds 17 less cash										
18	15.5	7	5.5	10	9	9.5	8.5	17.5	19.5	Internally generated funds 13
% of balance sheet total (adjusted)										
4.5	4.5	3	2.5	6	5.5	7.5	7.5	4.5	4.5	Annual result 11 and interest paid

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 fixed 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.