# The economic situation of small and medium-sized enterprises in Germany

Small and medium-sized enterprises in Germany are currently facing a particularly difficult situation. An evaluation of the Bundesbank's corporate balance sheet statistics according to size classes, presented here for the first time, confirms this assessment. In the sectors analysed, the persistent sluggish growth environment has had a greater impact on the earnings of small and medium-sized enterprises (SMEs) than on those of large firms. This is likely to have been due mainly to the greater relative dependence of SMEs on the (weak) domestic economic activity. Moreover, the financing conditions for small and medium-sized firms, which had already been tight for some time, have deteriorated further. In particular, the low level of own funds represents a major weakness. Given the large amount of SMEs' outstanding bank borrowing coupled with the banks' heightened risk awareness, improving the equity capital base is likely to be a major priority for many small and medium-sized enterprises in the next few years. In this context, it is imperative that they boost their profitability. Significant economic policy measures have already been initiated in this context. The labour market and social security system reforms currently being discussed will also assist small and medium-sized enterprises, which as a rule, are fairly labour-intensive.

## Overall economic environment

*Sluggish domestic economic environment has greater impact on SMEs*

The German economy has been in a state of virtual stagnation since mid-2000, which has had an especially negative impact on small and medium-sized enterprises (SMEs), also known in Germany as the *Mittelstand.* One major reason for this is that the root of the weak growth momentum can be found mainly in the trend in domestic demand, on which small and medium-sized enterprises are generally far more dependent than large enterprises. The latter, as is illustrated in greater detail below, are usually more export-orientated and more diversified. In addition, the construction industry, which has been in a severe adjustment crisis since the mid-1990s, consists predominantly of small and medium-sized enterprises. Given macroeconomic growth from mid-2000 to mid-2003 of merely ¾% in working-day-adjusted terms, real domestic demand declined by 1¾%, whereas real exports as defined in the national accounts expanded by 8%. Now, however, the growth phase in exports has also halted. In the first half of 2003 seasonally adjusted real exports fell by 1½% vis-à-vis the second half of 2002. In addition to the weak global economy, the situation has been compounded in particular by the preceding strong appreciation of the euro against the US dollar.

*Cyclical divergence since the mid-1990s*

The basic pattern of weak domestic demand coupled with a relatively robust export business was also typical for most of the 1990s. From 1993, when the German economy was in a cyclical trough, until 2000 real domestic demand – although it did not contract – recorded a relatively low average annual pace of expansion of 1¾%, while exports grew by 8% per year. All in all, however, macroeconomic growth in this period rose by an annual average of less than 2% and thus by a far smaller margin than the other large industrial nations with the exception of Japan. Since the reunification boom petered out in the early 1990s, Germany has mostly registered the poorest economic performance of all the euro-area countries.

*Especially pronounced in industry*

In the industrial sector the contrast between sluggish domestic business and robust export business was even more pronounced than in the economy as a whole. According to the official statistics[1] domestic turnover increased by 16% from the cyclical low in 1993 up to 2002; in the same period, foreign sales nearly doubled.

The persistent weakness of the domestic economy has resulted in small and medium-sized enterprises being confronted mostly with a weakening demand for nearly ten years now. Moreover, in economically difficult times large companies seek to push down the prices of the intermediate goods they purchase. As a result, smaller supply companies, which as a rule do not have much bargaining power vis-à-vis large customers, often see their thin margins eroded further.

*SMEs' relatively low export ratio*

According to data from the Institute for SME Research (IfM),[2] which are based on a special analysis of turnover tax statistics for 1999

1 Federal Statistical Office's monthly report on mining and manufacturing.
2 See B Günterberg and H J Wolter, Unternehmensgrössenstatistik 2001/2002, *IfM Materialien* No 157, Bonn 2003, pp 131 ff.

conducted on behalf of the Institute, the differences in the export orientation of large enterprises and small and medium-sized enterprises are quite considerable. In this survey, only enterprises which are active in the export business were analysed. The export ratio, ie export turnover as a percentage of overall turnover, of large exporting enterprises with an annual turnover of more than DM100 million was 23.7%, which was considerably higher than enterprises in the smaller size classes (not including small enterprises with an annual turnover of below DM100,000). Export ratios there ranged from 12½% to 19% in 1999. This finding is further accentuated by the fact that many SMEs, in particular in the construction industry and in the retail trade, are not (directly) involved in export business at all.

## Definition and economic position of small and medium-sized enterprises

*Definition of SMEs ...*

The statistical definition of small and medium-sized enterprises is normally based on the criteria "annual turnover" and "number of employees". Even though there is no uniform national and international definition, in Germany the definition of the Institute for SME Research has found widespread use. According to this definition, firms are classified as small enterprises if they have less than €1 million in annual turnover and up to nine employees. Medium-sized enterprises are those with €1 million to €50 million in annual turnover and between 10 and 499 employees. Firms with greater turnover and larger staff are classified as large enterprises.[3] For the following analysis of the profitability and financing of SMEs, however, the classification according to annual turnover is the only relevant factor since the annual accounts, which are evaluated in the context of the Bundesbank's corporate balance sheet statistics, do not all contain data on the number of employees, thus making the criterion of number of employees inapplicable.

*... and of the Mittelstand*

The small and medium-sized enterprises which have been classified as such according to the number of employees and turnover are to be considered enterprises of the *Mittelstand* in the stricter sense if they also fulfil additional qualitative criteria. Besides management by the owner, these include autonomous economic activity, which notably requires complete or virtually complete independence of any larger economic entity. According to the European Commission's definition, this condition is met if the capital interest held by a large firm in an SME is below 25%. However, even the presence of formal independence is not always an accurate indicator of the actual leeway an independent small or medium enterprise has for decision-making. An SME may have very little real freedom, for example, if it is dependent on only a few large customers which determine to a large extent its product features, prices as well as other business terms and conditions.

3 The turnover threshold separating small and medium-sized enterprises from large enterprises matches the new threshold contained in the European Commission's draft of 2001 amending the recommendation of 1996 concerning the definition of small and medium-sized enterprises. According to this, the threshold value for the number of employees (249), however, will continue to be markedly lower. The Commission's definition also includes the criterion of an annual balance sheet total of no more than €43 million.

However, such a classification according to the degree of independence cannot be made in the extrapolations of the Bundesbank's corporate balance sheet statistics since the turnover tax statistics do not include such data.[4] This article can therefore focus only on the quantitative definition. However, the resulting inaccuracies are not very great. In the Bundesbank's source material, 93½% of SMEs are independent enterprises. This is in line with the IfM's findings, according to which nearly 95% of SMEs are completely independent, ie have no capital ties with other enterprises.[5] Measured by turnover, however, the share of dependent companies among the small and medium-sized enterprises – according to the Bundesbank's corporate balance sheet data – amounts to just over one-tenth and is thus somewhat higher.

*Macroeconomic importance of SMEs*

The major importance of SMEs can be gleaned from the following data and ratios:

– In 2000, there were 2.89 million non-financial enterprises subject to turnover tax in the group of small and medium-sized enterprises with less than €50 million in annual turnover; these made up 99.7% of all enterprises subject to turnover tax. They generated 43.4% of all turnover reported in the turnover tax statistics.

– According to IfM estimates, in 2000 small and medium-sized enterprises (including those not subject to turnover tax) employed around 70% of the overall workforce and provided 83% of all vocational training.[6] They generated just under half of all enterprises' total gross value added.

– The research and development activities of small and medium-sized enterprises present a rather heterogeneous picture. According to the IfM, which uses surveys as a basis of information, in 1999 more than 10.4% of staff in firms with less than 100 employees were engaged in research and development. This figure is actually higher than in larger enterprises with over 5,000 employees, in which "only" around 8% of staff were engaged in research and development. It is striking, however, that enterprises in the size class from 100 to 249 employees and from 250 to 499 employees only had 5.5% and 4.6% of staff, respectively, working in the area of R&D.

## Business start-ups and insolvencies

*Business start-ups and liquidations*

The large macroeconomic importance of SMEs lies in part in the dominant role they play in business start-ups. According to IfM estimates, in the years 1996 to 2000 the average number of newly registered businesses in Germany (adjusted for relocations,

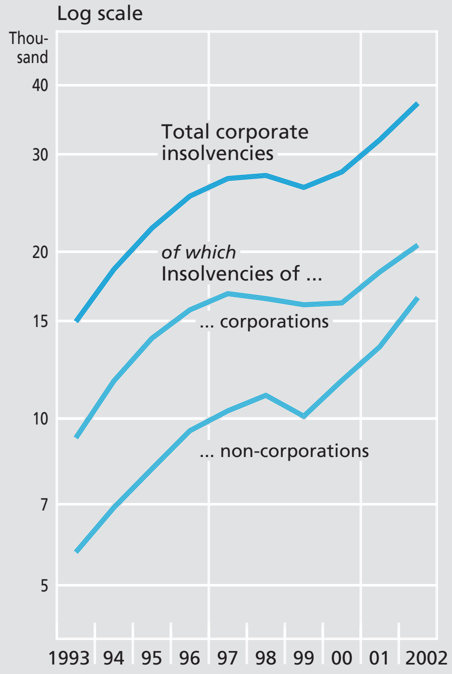
4 For more details, see Deutsche Bundesbank, The methodological basis of the Deutsche Bundesbank's corporate balance sheet statistics, *Monthly Report,* October 1998, p 55.
5 See B Günterberg and H J Wolter, Unternehmensgrössenstatistik 2001/2002, loc cit p 3.
6 These estimates are based in part on data on employees who are subject to social security insurance contributions; these data apply to operational units but not to enterprises. As a result, the weighting of SMEs tends to be too high; particularly in the retail trade, small and medium-sized operational units are often affiliated to large enterprises. See Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, BVR special; Mittelstand in Zahlen, Berlin, May 2003, p 7.

sales, changes to the legal form etc) reached 500,000 per year. The bulk of these can be attributed to small and medium-sized enterprises.[7] In the same period there were also an annual average of 410,000 liquidations – also adjusted for "spurious" deregistrations – resulting in a net number of 90,000 new businesses every year. In the past two years, however, the economic downturn and the disenchantment regarding the potential of the New Economy have led to a steep decline in the number of business start-ups. Since the number of liquidations has declined at a slower pace, the positive balance of start-ups – according to Bundesbank estimates – sank to around 60,000 in 2002.

*Insolvencies*

Business insolvencies within total liquidations attract widespread public attention. At approximately 37,500, the number of insolvent enterprises in 2002 was two-and-a-half times greater than in 1993; in the period 1999 to 2002 alone, there was an increase of 42%. At 129 per 10,000 enterprises, the insolvency rate reached a new peak in 2002. In particular, the protracted economic downturn and sluggish growth in Germany have contributed to the steep increase in insolvencies by eroding many enterprises' revenue and depleting their financial reserves. Moreover, on 1 December 2001, a new clause was introduced in insolvency legislation which allows deferred payment of the costs of insolvency proceedings if the debtor is unable to pay. As a result, insolvencies increased in 2002 not only among consumers, but also among sole proprietorships and small firms.[8] However, should the forecasted economic recovery materialise, the number of insolvencies will probably decrease in the next few years. Furthermore, the distortions in the insolvency statistics caused by invoking the new statutory provision are likely to wane.

Corporate insolvencies




Source: Federal Statistical Office

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*Insolvencies by firm age and size*

The risk of failure is inherently far greater in the case of new businesses than in established enterprises. For this reason alone the insolvency rate is greater among new and mainly small firms. It therefore comes as no surprise that following a wave of business start-ups, a certain weeding-out process will occur during an economic downturn. For example, of the nearly 29,000 corporate insolvencies recorded in 2002 where the firm's age

7 See B Günterberg and H J Wolter, Unternehmensgrössenstatistik 2001/2002, loc cit, p 76.
8 See J Angele, Insolvenzen 2002, *Wirtschaft und Statistik,* Heft 4, 2003, p 295.

was registered, a good 60% were less than 8 years old. Furthermore, in cases where the number of staff was known, only a little more than 1% of the firms concerned had more than 100 employees and only 15% had more than 10 employees.

### Methodological notes on the extrapolation results by size class

The evaluation in this article presents for the first time extrapolation results differentiated also according to size classes. Up to now, data breakdowns from the corporate balance sheet statistics were presented exclusively by sector and form of business organisation.[1] Although methodological particularities emerge when conducting an evaluation according to size classes, these do not impair the information value of the results.

In order to establish the data for the two turnover size classes below and above €50 million, new extrapolations and estimates had to be calculated for the period between 1994 and 2001. In this context, the bounds of the size classes in individual legal-form and sectoral groups were adapted in such a way that all of the groups have a uniform threshold value of €50 million. Owing to a lack of data, this resulted in size classes in some combinations of legal form/sector which could not be extrapolated. As a result, the sum of the size-class-specific extrapolations deviate marginally downward from the previously published results – for example, by 0.2% of turnover in 2000, the latest year for which data breakdowns by form of business organisation are available from the turnover tax statistics.

In addition, the separate extrapolation which was performed owing to a certain redrawing of the thresholds of the size classes led in the case of individual annual result items to deviations vis-à-vis the previously published results. In particular, this affects the financial years from 1998, for which a separate extrapolation was not possible in view of the deteriorating data material; the data trends were therefore merely estimated on the basis of the extrapolation results from 1997.

Account must also be taken of the fact that the extrapolation results by size class are subject to somewhat greater uncertainty than the results of a conventional extrapolation owing to the differing definitions of enterprises in the corporate balance sheet statistics (principle of the smallest legal entity) and the turnover tax statistics collected by the Federal Statistical Office (principle of the corporate group). The differences in the allocation of enterprises to the size classes which result from the varying enterprise definitions can be largely neutralised only after being aggregated across size classes. However, the fact that in our study the classification was restricted to just two size classes minimises this effect.

1 For more details concerning the method of extrapolation see Deutsche Bundesbank, German enterprises' earning and financing patterns, by form of business organisation, *Monthly Report,* December 2001, pp 60-64 and Deutsche Bundesbank, The methodological basis of the Deutsche Bundesbank's corporate sheet statistics, *Monthly Report,* October 1998, p 57f.

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## The earnings situation of small and medium-sized enterprises

*Pre-tax annual result of SMEs ...*

In 2001, the pre-tax annual result of small and medium-sized enterprises in the producing sector, wholesale and retail trade and in the transportation sector was a good 3% below that of 1994, the year from which data for the whole of Germany have been available in the corporate balance sheet statistics.[9] Developments here were very volatile; following the strong earnings recovery in 1994 (which is indicated in the figures for western and eastern Germany, which were for a time collated separately), earnings declined markedly until 1996. In the two following years, however, they rose sharply. On the whole, earnings increased by nearly 30% in 1997 and 1998. Profits began to weaken again in 1999 and declined considerably in 2000. Over the entire three-year period 1999

9 The annual result corresponds to the annual profit before profit or loss transfers. It provides a better indication of the earnings 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/from which their profits/losses are transferred. The distinction between annual profit and annual result is, however, less significant for SMEs since the degree of economic integration is rather low. However, this distinction is necessary in the case of large enterprises which are used as comparative variable.

to 2001 the gross annual result shrank by no less than 15%.[10]

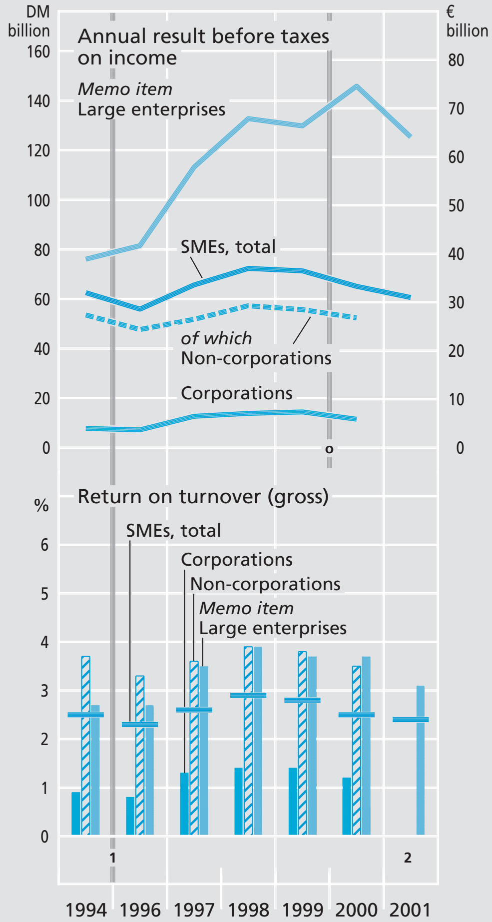
*... compared to that of large enterprises*

By contrast, larger enterprises increased their gross profits from 1994 to 2001 by approximately 64%, which works out at 7½% per year on average. It is especially remarkable that in 1997 and 1998, profit increases in this category were twice as large as in the group of small and medium-sized enterprises. In 2000, the earnings differential between the two groups was even more pronounced. SMEs sustained a decline in profits amounting to 8½% in the wake of pressure on their sales volume caused in particular by sharp rises in oil prices, which resulted directly in larger energy expenditures and indirectly weakened consumers' purchasing power and firms' propensity to invest. Given the vibrant global economy which carried on well into the year, larger enterprises, by contrast, managed to increase their gross annual result by 12½% in 2000. One year later, however, when export business faltered perceptibly in the wake of the global economic downturn, firms with an annual turnover of more than €50 million posted a particularly marked decline of 14%. If one also includes figures for 1999, which was dented by the East Asia crisis, gross profits of larger enterprises likewise fell considerably – from a relatively high level in 1998 – by 5½% up to 2001.

*Reasons for earnings divergence*

To a large extent, SMEs' disappointing earnings trend since 1994 is a result of the relatively unfavourable domestic economic environment described at the start of this article. Furthermore, in the 1990s small and medium-sized enterprises appeared less able than larger enterprises to exploit their rationalisation potential and curb rising costs. It is

## Earnings of small and medium-sized enterprises (SMEs)*




* Enterprises with annual turnover of less than DM 100 million (up to 1998) and less than €50 million (from 1999). — **1** No data available for 1995. — **2** Breakdown by business organisation not yet available for 2001. — **o** From 1999 data in euro.

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**10** Profits after taxes are not shown here since this variable offers little information value for SMEs. Partnerships and sole proprietorships are a widespread form of business organisation among SMEs; their annual profits are taxed in the "private sphere" of the entrepreneurs themselves. Income tax liability is therefore not recorded in the profit and loss accounts of these firms. In particular, comparisons of SMEs' profits after taxes with those of larger enterprises, which are often operated as corporations and therefore subject to corporation tax, would lead to erroneous conclusions.

## Small and medium-sized enterprises' profit and loss account *

| Item | 2001 | | 2000 | | | 2001 | | 2000 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | *By comparison* | | *of which* | | | *By comparison* | | *of which* | |
| | SMEs | Large enterprises | SMEs | Non-corporations | Corporations | SMEs | Large enterprises | SMEs | Non-corporations | Corporations |
| **Income** | As % of total output | | | | | 1994 = 100 1 | | | | |
| Turnover | 97.5 | 100 | 98 | 98.5 | 97.5 | 103 | 140.5 | 103 | 103.5 | 102 |
| Change in stocks of own products 2 | 2.5 | 0 | 2 | 1.5 | 2.5 | 207.5 | 3 (– 2) | 170 | 167.5 | 173 |
| Total output | 100 | 100 | 100 | 100 | 100 | 104 | 140 | 104 | 104.5 | 103 |
| Interest received | 0.5 | 1 | 0.5 | 0.5 | 0.5 | 116 | 141 | 106.5 | 106 | 106.5 |
| Other income | 4 | 6.5 | 4 | 3.5 | 5 | 131 | 183 | 127.5 | 128 | 127 |
| Total income | 104.5 | 107.5 | 104.5 | 104 | 105.5 | 105 | 142 | 104.5 | 105 | 104 |
| **Cost** | | | | | | | | | | |
| Cost of materials | 58 | 68.5 | 58 | 57.5 | 58.5 | 103.5 | 150 | 103.5 | 105 | 101 |
| Labour cost 4 | 23 | 14 | 22.5 | 21.5 | 24 | 105.5 | 114.5 | 104.5 | 103.5 | 106 |
| Depreciation | 4 | 3.5 | 4 | 4.5 | 4 | 98.5 | 119 | 99 | 95.5 | 105 |
| of tangible fixed assets | 3.5 | 3 | 3.5 | 4 | 3.5 | 92.5 | 111 | 96 | 92.5 | 101.5 |
| Other 5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 149.5 | 186 | 126 | 126.5 | 126 |
| Interest paid | 2 | 1 | 2 | 2.5 | 2 | 100.5 | 147.5 | 96 | 96.5 | 95.5 |
| Taxes | 1 | 4.5 | 1 | 0.5 | 1 | 87.5 | 132.5 | 94 | 94 | 93.5 |
| on income and earnings 6 | 0.5 | 1 | 0.5 | 0.5 | 1 | 90 | 173 | 98.5 | 100 | 97 |
| Other | 0 | 3 | 0 | 0 | 0 | 81.5 | 123 | 81.5 | 81.5 | 81.5 |
| Other cost | 15 | 14.5 | 14.5 | 14 | 15.5 | 116.5 | 150.5 | 113.5 | 115.5 | 111.5 |
| Total cost | 103 | 106 | 102.5 | 101 | 105 | 105 | 142.5 | 104.5 | 105.5 | 103.5 |
| Profit for the year | 1.5 | 1.5 | 2 | 3 | 0.5 | 96 | 126.5 | 106.5 | 97.5 | 546 |
| | As % of turnover | | | | | | | | | |
| *Memo items* | | | | | | | | | | |
| Annual result 7 | 2 | 2 | 2 | 3 | 0.5 | . | . | . | . | . |
| Annual result before taxes on income 8 | 2.5 | 3 | 2.5 | 3.5 | 1 | . | . | . | . | . |
| Net interest paid | 2 | 0 | 2 | 2 | 1.5 | . | . | . | . | . |

* Extrapolated results. Estimated figures, rounded to the nearest half or full € billion or percentage point. — **1** Derived from absolute figures. — **2** Including other capitalised production. — **3** Owing to negative baseline values change from 1994 in € billion. — **4** Gross wages and salaries as well as employers' social contributions. — **5** Predominantly write-downs of debtors, investments and participating interests. — **6** In the case of partnerships and sole proprietorships trade earnings tax only. — **7** Profit for the year before profit/loss transfers. — **8** Taxes on income and earnings.

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likely, too, that larger enterprises were better able to benefit from the greater flexibility in structuring their staff's working hours afforded to them by collective agreements and to benefit more from the international integration of production than smaller businesses. A case in point is the increased outsourcing of certain production operations.

*Gross annual result in relation to turnover*

At just under 2½% in 2001, SMEs' gross return on turnover, which indicates the ratio of the annual result before taxes on income to turnover, was at its lowest since 1996; in 1998 and 1999 this figure had been just under 3%. Although larger enterprises saw this ratio decline by a similar margin in the two following years, in 2001 this figure was perceptibly higher at 3%. The actual return differential is probably even greater. First, the widespread form of business organisation in the SME segment, namely partnerships and sole proprietorship, include the (imputed) proprietor's income in the reported annual result. By contrast, corporations include the salaries of managers or top executives in labour costs, which means that the reported profits of non-corporations are correspondingly higher. This also puts the higher return on turnover of the non-corporations vis-à-vis corporations in the SME segment into perspective. A second point to bear in mind is it that SMEs' risk of insolvency is traditionally significantly higher than that of larger enterprises. The return on turnover therefore reflects varying risk premia for invested capital. If the relatively large number of mainly low-profit borderline SMEs which are no longer contained in the corporate balance sheet statistics are taken into consideration, the earnings gap of SMEs is even greater.

*Sharp contrasts among sectors*

The overall figures for SMEs in the segments covered by the corporate balance sheet statistics mask significant sectoral differences. As expected, the construction industry showed the poorest performance from 1994 to 2001. Gross profits in this sector declined by more than four-fifths. In 2001 the return on turnover was only ½%; taking account of the imputed proprietor's income, it was even lower. Wholesale trade, the gross annual result of which in 2001 was 30% below the 1994 level, was last-but-one on the earnings scale. As a proportion of turnover, however, profits in 2001 nonetheless reached almost 2%. By contrast, SMEs in the manufacturing sector achieved cumulative profit growth of 15½% over the period under review. In addition, at just under 3% in 2001, the return on turnover was markedly above the average of all SMEs. This figure appears less impressive, however, compared to larger enterprises in the manufacturing sector, which increased their gross profit by 68½% between 1994 and 2001; at 3½%, the ratio of their annual result to turnover for 2001 likewise distinctly exceeded that of the SMEs in this sector.

The transportation sector recorded the largest earnings increase between 1994 and 2001, followed by the retail trade, which posted a gain of 30%. At first glance, this appears to be incongruent with a sluggish consumption environment and phases of declining retail turnover. However, on closer inspection, it emerges that in this one sector, small and medium-sized enterprises fared better than

Small and medium-sized enterprises' return on turnover, by economic sector *

| Sector | 2001 | | 2000 | | |
|---|---|---|---|---|---|
| | SMEs | *By comparison* Large enterprises | SMEs | *of which* Non-corporations | Corporations |
| All economic sectors 1 | 2.5 | 3 | 2.5 | 3.5 | 1 |
| *of which* | | | | | |
| Manufacturing sector | 3 | 3.5 | 3.5 | 4 | 2.5 |
| Construction | 0.5 | – 2 | 1.5 | 2 | 0 |
| Wholesale trade | 2 | 1.5 | 2 | 3.5 | 1 |
| Retail trade | 2.5 | 1 | 2.5 | 3.5 | 0.5 |
| Transportation | 3.5 | 0.5 | 2.5 | 5.5 | – 2.5 |

* Annual result before taxes on income as % of turnover. Estimates, rounded to the nearest half or full percentage point. — 1 Industry, trade and transportation.

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larger enterprises, which saw profits drop by one-quarter. At 2½%, SMEs' return on turnover in the retail trade in 2001 was also much higher. This is largely due, however, to the preponderance of partnerships and sole proprietorships in this sector; as mentioned, their profits include the imputed proprietor's income.

## Income and cost in detail

*Total output and other income*

In the sectors under analysis, SMEs' total output, which in addition to turnover, includes changes in stocks of own products and other capitalised production, increased by only 4% from 1994 to 2001, or just over ½% per year. The sharp falls in the construction industry (-14½% ) and in the wholesale trade (-6½%) contrasted with gains in other sectors; the largest gains were recorded in the transportation sector (+23½%) and in the manufacturing sector (+12½%). Including interest income and other income, SMEs' total income grew by 5% – ie somewhat more than their business activity in the narrower sense. As expected, the contrasts between the SMEs and large enterprises with respect to profits also apply to total income, which in the case of large enterprises increased by 42% from 1994 to 2001.

*Cost of materials and labour cost*

From 1994 to 2001 SMEs' cost of materials grew by 3½%, ie somewhat more slowly than total output. As a result, the ratio between these two items fell slightly to 58%. By contrast, labour cost grew at an above-average pace to reach almost 23% of total output in 2001. It is interesting to note that larger enterprises recorded an opposite trend. The cost of materials at these enterprises rose considerably faster than business activity, as a result of which the share of these costs in total output surged to 68½%. By contrast, labour cost increased only moderately; its share grew by 3 percentage points to 14%. Similarly clear differences are observable, for example, within the manufacturing sector and thus do not hinge directly on the varying sectoral mix in the two size classes. One possible explanation for this is that larger enterprises were better able to take advantage of the greater flexibility afforded to them with regard to working hours as well as the advantages of the growing national and international division of labour. According to statistics provided by the Federal Labour Office, whereas firms with 500 and more employees subject to social security insurance contributions shed 11% of their jobs between 1995 (March) and 2001 (June), smaller firms increased their workforce by 2½%.

*Depreciation*

Another striking difference between the two turnover size classes is evident in the depreciation of tangible fixed assets. In the SME sector, this cost item declined by 7½% since 1994, owing primarily to low investment. The construction industry recorded a particularly sharp decline of 31%. In most of the other sectors, the consumption of fixed assets remained virtually unchanged, or rose only slightly. By contrast, depreciation of tangible fixed assets at larger enterprises increased by 11%. However, at 3% their share of total output was ½ percentage point lower than at SMEs owing to stronger growth in business activity.

*Interest paid and other cost*

Whereas the amount of interest SMEs paid in 2001 was barely above the level of the mid-1990s, larger enterprises' interest expense increased by nearly half. This development principally reflects the more dynamic expansion of financial assets and the associated rise in the level of indebtedness, which will be examined more closely below. Interest paid as a share of total output by SMEs in 2001 amounted to 2%, which *per se* is a low figure; however, this figure is twice the amount that larger enterprises paid. The most significant factor in this is the relatively large share of bank loans in SMEs' financing (see page 43). The summary item "other cost" recorded above-average growth in both size categories and stood at one-seventh of total output in 2001.

## Balance sheet trends and key balance sheet ratios

*Total balance sheet growth ...*

The gap between the SMEs and larger enterprises in income growth is also reflected in the balance sheet dynamics. The adjusted balance sheet total.[11] of small and medium-sized enterprises rose by 16½% between 1994 and 2001, which represents an average annual increase of over 2%. By comparison, in the same period, the balance sheet total of

**11** When evaluating firms' annual financial statements, the Bundesbank adjusts the level of own funds, *inter alia,* for goodwill, subscribed capital unpaid, own shares held and loans to partners/shareholders.

larger enterprises rose by well over 38%, or more than 4½% per year.

*... and growth by sector*

A sectoral analysis shows that the average balance sheet growth of SMEs was depressed in particular by the construction industry, which recorded a 2½% decline in the size of its balance sheet from 1994 to 2001. The expansion rates of the other sectors analysed here ranged from 22% to 29½% – with the exception of the wholesale trade, which recorded growth of 14%. Thus the dispersion is much smaller than at larger enterprises, where this figure ranges from -13% in the construction industry up to 102% in the transportation sector.

*Asset trend and structure of SMEs compared to larger enterprises*

The differences in asset growth between SMEs and larger enterprises can be explained by strong divergences in the development of financial assets across all sub-items. Whereas at SMEs financial assets grew by 14% – ie even more slowly than overall assets – they expanded by no less than 58% at larger enterprises. This trend was fuelled chiefly by participating interests which, from an already relatively high level in 1994, grew by 88½% up to 2001, with their share in total assets concurrently rising by 5 percentage points to 19½%. Although at 82½%, the relative increase in participating interests at SMEs was also very large, their book value, at 3% of the balance sheet total, was fairly insignificant. Moreover, the SMEs expanded their stock of debtors far less than the larger enterprises, which, in particular, considerably increased their debtors owed by affiliates.

By contrast, the trend in tangible fixed assets was largely the same at both SMEs and larger enterprises. In general, this position rose very little – by around 13% over the whole observation period, or less than 2% per year. This is consistent both with the moderate turnover growth at SMEs as well as with the finding that the sharper expansion of business activity at larger enterprises mentioned earlier was accompanied by a marked increase in the share of intermediate consumption. Given the strong expansion of participating interests, it appears likely that manufacturing functions were increasingly outsourced to affiliated enterprises. Looking at total non-financial assets, ie including inventories, SMEs actually recorded higher cumulative growth over the observation period, at 18½%, than larger enterprises, which registered an increase of 14½%.

*Low level of own funds at SMEs*

The moderate growth of assets between 1994 and 2001 at small and medium-sized enterprises in the sectors analysed was financed increasingly with own funds. These increased by 21½% and thus distinctly faster than creditors (+16½%) and provisions (+15%). The ratio of own funds to total liabilities, the so-called own funds ratio, was just under 7½% in 2001 – ½ percentage point above the 1994 level and 1 percentage point above the low reached in 1996. Viewed in isolation, this development is positive, but it should not distort the overall picture that the level of own funds at SMEs was very low right up to the end of the reporting period. As a percentage of overall liabilities, they made up less than one-third of the comparable figure at larger enterprises, whose own

## Small and medium-sized enterprises' balance sheets *

| Item | 2001 | | 2000 | | | 2001 | | 2000 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | *By comparison* | | *of which* | | | *By comparison* | | *of which* | |
| | SMEs | Large enterprises | SMEs | Non-corporations | Corporations | SMEs | Large enterprises | SMEs | Non-corporations | Corporations |
| | % of balance sheet total | | | | | 1994 = 100 [1] | | | | |
| **Assets** | | | | | | | | | | |
| Non-financial assets | 62.5 | 37.5 | 62 | 66.5 | 56 | 118.5 | 114.5 | 115.5 | 113.5 | 119 |
| Tangible fixed assets [2] | 29 | 22 | 29 | 31 | 26 | 113 | 113.5 | 111 | 108.5 | 115.5 |
| Inventories [3] | 33.5 | 15.5 | 33 | 35.5 | 30 | 123.5 | 116.5 | 119.5 | 118 | 122 |
| Financial assets | 37 | 62.5 | 37.5 | 32.5 | 43.5 | 114 | 158 | 113.5 | 109 | 118.5 |
| Cash resources [4] | 5 | 3.5 | 5 | 4.5 | 5.5 | 108.5 | 90 | 107.5 | 103 | 112 |
| Debtors | 28.5 | 35.5 | 29 | 25.5 | 33.5 | 109.5 | 158 | 110 | 106.5 | 114 |
| Short-term | 26.5 | 32.5 | 27 | 24 | 31 | 108.5 | 157 | 109.5 | 107 | 111.5 |
| *of which* Owed by affiliated enterprises | 6 | 17.5 | 6 | 4 | 7.5 | 154.5 | 200.5 | 146 | 155.5 | 140 |
| Long-term | 2 | 3 | 2 | 2 | 2.5 | 128 | 173 | 121.5 | 100.5 | 149.5 |
| Investments | 0.5 | 4 | 0.5 | 0.5 | 0.5 | 217 | 134 | 230.5 | 231 | 230 |
| Participating interests | 3 | 19.5 | 3 | 2.5 | 3.5 | 182.5 | 188.5 | 169.5 | 145 | 196 |
| Prepayments and accrued income | 0.5 | 0 | 0.5 | 0.5 | 0.5 | 100 | 108 | 100 | 97 | 104.5 |
| Total assets [5] | 100 | 100 | 100 | 100 | 100 | 116.5 | 138 | 114.5 | 112 | 118.5 |
| **Liabilities** | | | | | | | | | | |
| Own funds [5, 6] | 7.5 | 25 | 7 | – 0.5 | 16 | 121.5 | 141 | 112 | [7] (– 11) | 139.5 |
| Borrowed funds | 92.5 | 74.5 | 93 | 100.5 | 83.5 | 116.5 | 137 | 115 | 114.5 | 115 |
| Creditors | 84.5 | 47 | 84.5 | 94 | 73 | 116.5 | 142 | 115 | 114.5 | 115.5 |
| Short-term | 58 | 38 | 57.5 | 60 | 54 | 116.5 | 147 | 113.5 | 113 | 114 |
| *of which* Owed to affiliated enterprises | 7.5 | 16 | 7 | 6 | 9 | 145 | 228.5 | 134 | 145.5 | 126.5 |
| Long-term | 26.5 | 9 | 27.5 | 34 | 19 | 116 | 124 | 118.5 | 117.5 | 120 |
| Provisions [6] | 8 | 28 | 8 | 6.5 | 10.5 | 115 | 130 | 113.5 | 114.5 | 113 |
| *of which* Provisions for pensions | 3 | 12 | 3 | 1.5 | 4.5 | 140.5 | 140 | 133.5 | 115.5 | 141.5 |
| Accruals and deferred income | 0 | 0.5 | 0 | 0 | 0.5 | 151 | 150 | 153 | 92 | 201.5 |
| Total liabilities [5] | 100 | 100 | 100 | 100 | 100 | 116.5 | 138 | 114.5 | 112 | 118.5 |
| *Memo item* Turnover | 150 | 158 | 152.5 | 160.5 | 143 | 103 | 140.5 | 103 | 103.5 | 102 |

***** Estimated on the basis of extrapolated figures rounded to nearest half and full percentage point or € billion. — **1** Computed from absolute amounts. — **2** Including intangible assets. — **3** Including contracts in progress. — **4** Currency and bank balances. — **5** Less adjustments to capital accounts. — **6** Including pro rata share of special reserves. — **7** Owing to negative baseline values change from 1994 in € billion.

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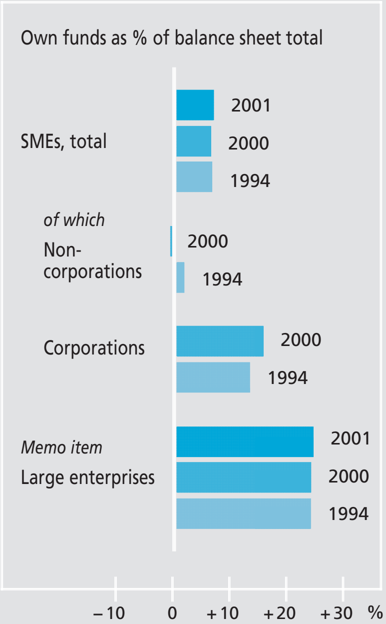
## Small and medium-sized enterprises' (SMEs) provision with own funds

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funds expanded by 41% between 1994 and 2001. However, owing to their greater balance sheet growth, their own funds ratio likewise grew by just ½ percentage point to 25%. In addition, it must be remembered that – as in the case of the income trend – the financial situation of SMEs is presented too positively to the extent that the many weak enterprises which became insolvent no longer feature in the corporate balance sheet statistics.

As is the case with other key ratios, the trend in own funds at SMEs reveals marked divergences among the individual sectors. In the manufacturing sector, the absolute amount of liable capital increased considerably (+48½%); at 12½%, the own funds ratio was also perceptibly above the comparable figure in most of the other sectors. Double-digit percentage gains were also recorded in the wholesale trade and in the transportation sector. By contrast, the equity level in the construction industry, already low in 1994, was largely wiped out by 1997. This sector has actually shown a negative net capital position since 1998, which in 2001 amounted to 1½% of the balance sheet total. Small and medium-sized enterprises in the retail trade consistently recorded a negative own funds ratio on balance between 1994 and 2001; nonetheless, this sector has managed to reduce its capital deficit from a low of -5% in 1998 to -3% in 2001.

*Reasons for balance sheet over-indebtedness of SMEs*

On closer inspection, it emerges that the balance sheet over-indebtedness only applies to the subgroup of SMEs that are operated as non-corporations. The own funds ratio of small and medium-sized enterprises with this form of business organisation declined from 2% in 1994 to -½% in 2000 (figures for 2001 by form of business organisation are not yet available). However, this finding has to be seen in the context that the annual accounts of non-corporations do not list all assets which are actually available as liable capital. The proprietor has some accounting discretion as to whether assets are classified as private or business assets. Thus it is more attractive to record financial assets and real estate as private assets for tax reasons, for example owing to the more favourable tax treatment of capital gains from sales. However, the liability of proprietors of sole proprietorships and at least some of the partners of partnerships for their firm's debts ultimately also extends to their private assets not shown

### SMEs' provision with own funds by sector *

| Sector | 2001 SMEs | 2001 By comparison Large enterprises | 2000 SMEs | 2000 of which Non-corporations | 2000 of which Corporations |
|---|---|---|---|---|---|
| | Own funds as % of balance sheet total | | | | |
| All economic sectors [1] | 7.5 | 25 | 7 | – 0.5 | 16 |
| *of which* | | | | | |
| Manufacturing sector | 12.5 | 27 | 12 | 5 | 20 |
| Construction | – 1.5 | 12 | – 1 | – 6 | 5.5 |
| Wholesale trade | 14 | 20.5 | 12.5 | 10 | 15 |
| Retail trade | – 3 | 20 | – 4 | – 9.5 | 9 |
| Transportation | 9 | 20.5 | 8.5 | – 3.5 | 20.5 |
| | 1994 = 100 [2] | | | | |
| All economic sectors [1] | 121.5 | 141 | 112 | (– 11 ) | 139.5 |
| *of which* | | | | | |
| Manufacturing sector | 148.5 | 150 | 136 | 88.5 | 164 |
| Construction | (– 5.5) | 80 | (– 5 ) | (– 5 ) | 94 |
| Wholesale trade | 132.5 | 147.5 | 122.5 | 120.5 | 123.5 |
| Retail trade | (– 2 ) | 177 | (– 3.5) | (– 5 ) | 168 |
| Transportation | 192.5 | 179.5 | 171.5 | (– 0.5) | 166 |

***** Own funds (adjusted for adjustments to capital accounts). Estimates, rounded to the nearest half or full percentage point or € billion. — **1** Manufacturing sector, trade and transportation. — **2** For negative baseline values: change from 1994 in € billion.

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in the balance sheet. In addition, they often post some of their private assets as collateral when procuring business loans. Conversely, since interest paid on bank loans is tax-deductible, there is an incentive to locate loans in the business accounts. The upshot of these tactical manoeuvres is that the balance sheets of non-corporations often reveal little about the actual financial state of the enterprise in question.

In principle, much of the above also applies to small and medium-sized corporations. Given the constraints imposed by insolvency law, however, balance sheet over-indebtedness stretching over several years is possible only in exceptional circumstances. Not least for this reason, therefore, the group of SMEs which are operated as corporations show "normal" levels of own funds in their balance sheets, ie a positive figure. From 1994 to 2000 their liable capital increased by 39½% and in 2000 represented 16% of total liabilities, compared to 13½% in 1994.

*Large firms have higher own funds ratios*

In 2000 the average own funds ratio of corporations with an annual turnover of less than €50 million was 10 percentage points below the comparable level at large corporations; this gap was even greater at the beginning of the observation period. This difference is attributable, first, to the fact that it is easier for large public limited companies (PLCs), in particular, to procure additional own funds, than it is for corporations in the SME segment. Second, this reflects divergences in capital intensity, which at large enterprises is often higher than at small and medium-sized enterprises – in part for production-related reasons. Another factor is that the issue of splitting assets and liabilities into the private and business sphere is of little relevance to large corporations and of no relevance at all to PLCs.

*Provisions*

The liabilities structure of SMEs shows not only a relatively weak ratio of own funds but also a relatively low ratio of provisions to total liabilities. In 2001 this figure was 8%, which was somewhat lower than in 1994. The ratio of provisions to the balance sheet total at large enterprises also tended to decline. However, the ratio was still nearly 28% in 2001. Whereas at SMEs especially pension provisions – at 3% of total liabilities – played a minor role, this figure was 12% at larger enterprises. This is mainly due to the fact that, for various reasons, small enterprises prefer, as the vehicle for occupational pensions, direct insurance arrangements and contribution payments to pension funds to an in-house company pension scheme, which is the sole form that allows firms to set up pension provisions.[12]

*Creditors*

The differences between SMEs and larger enterprises with regard to own funds and provisions have their mirror-image in the level of creditors. At 84½% of total liabilities in 2001, the share of creditors at SMEs was nearly twice as much as at larger enterprises. In the preceding years, the gap between the two groups was of a similar magnitude. In this context, SMEs relied mainly on short and long-term bank loans, the significance of which as a financing instrument increased further during the course of the reporting period. Measured in terms of total liabilities, their bank debt rose from 34½% in 1994 to 37% in 2001; non-corporations with less than €50 million in annual turnover had a ratio of no less than 45% in 2001. By contrast, larger enterprises' outstanding bank loans made up little more than 9% of their total liabilities; this share rose only marginally during the observation period. At 18½%, liabilities to affiliated enterprises played a bigger role than bank loans for the larger firms.

## Concluding remarks

*Priority is to overcome the weak growth momentum*

The earnings and financing situation of SMEs in Germany deteriorated markedly during the past ten years. As a result, the disparity vis-à-vis larger enterprises, which had already existed previously, widened further. This remains true even if one takes into consideration that often only a part of the liable capital is reported in the balance sheets of non-corporations. The protracted weak growth momentum in the German economy undoubtedly had a major impact on the unfavourable trend at SMEs. Experience suggests that only a sustained improvement in earnings leads to an increase in enterprises' financial strength and as a result replenishes their level of own funds. On the one hand, the amount of internally generated funds increases and, on the other, the enterprises also become more attractive to external investors. However, in order to better utilise this potential, the aversion on the part of many proprietors of SMEs to third parties holding equity interests in

12 See Deutsche Bundesbank, Company pension schemes in Germany, *Monthly Report,* March 2001, p 50.

their enterprise – for fear of losing their decision-making competence – will have to be overcome and greater external transparency achieved.

*Necessary economic policy measures*

In the past few years, significant economic policy measures have been adopted to enhance enterprises' earnings and financing situation, for example the business tax reform that came into force at the beginning of 2001. However, these measures are insufficient in themselves. Above all, structural reforms are necessary in order to overcome the persistent crisis of confidence and growth crisis.[13] These include the consolidation of public budgets and performance-promoting tax policies, the reform of the social insurance systems, in particular with the goal of decoupling social insurance contributions from wage trends as well as enhancing the efficiency of the labour market. Specific incentives for small and medium-sized enterprises are not an adequate substitute; they can only make a modest contribution to improving the segment's economic situation and run the risk of causing distortions in other areas.

**13** See Deutsche Bundesbank, Ways out of the crisis, March 2003.

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

## Small and medium-sized enterprises' (SMEs *) balance sheets and profit and loss accounts in Germany **

DM billion until 1998, from 1999 € billion

| Item | All forms of business organisation | | | | | | | Non-corporations [1] | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1994 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 1994 | 1996 | 1997 |
| I Balance sheet | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Tangible fixed assets [3] | 445.9 | 444.0 | 435.6 | 452.5 | 247.5 | 253.5 | 257.5 | 273.9 | 272.7 | 264.3 |
| Inventories [4] | 470.5 | 476.6 | 474.3 | 508 | 281.5 | 288 | 297.5 | 285.3 | 291.8 | 291.9 |
| *of which*: Finished goods, goods for resale | 256.9 | 269.4 | 279.7 | 299.5 | 155 | 158.5 | 165.5 | 165.0 | 173.5 | 181.0 |
| Non-financial assets | 916.4 | 920.6 | 909.9 | 961 | 529 | 541 | 555.5 | 559.3 | 564.6 | 556.2 |
| Cash [5] | 77.7 | 78.0 | 76.8 | 79.5 | 45 | 42.5 | 43 | 39.4 | 39.8 | 39.2 |
| Debtors | 451.1 | 439.6 | 433.7 | 451.5 | 242 | 254 | 253 | 229.2 | 225.8 | 220.4 |
| Short-term | 421.3 | 407.7 | 402.4 | 417.5 | 224 | 235.5 | 233.5 | 212.3 | 208.0 | 204.0 |
| *of which:* | | | | | | | | | | |
| Trade debtors | 281.3 | 270.9 | 268.1 | 267 | 143 | 146 | 143 | 152.2 | 144.8 | 143.6 |
| Owed by affiliated enterprises [6] | 67.5 | 71.9 | 71.9 | 83.5 | 44.5 | 50.5 | 53.5 | 25.8 | 31.0 | 29.7 |
| Long-term | 29.8 | 31.9 | 31.3 | 34.5 | 18.5 | 18.5 | 19.5 | 17.0 | 17.8 | 16.4 |
| Investments | 4.5 | 5.1 | 5.6 | 6 | 5 | 5.5 | 5 | 2.1 | 2.5 | 2.5 |
| Participating interests | 28.5 | 30.2 | 31.0 | 36 | 22 | 25 | 26.5 | 14.8 | 16.0 | 16.0 |
| Financial assets | 561.8 | 552.9 | 547.1 | 573 | 314.5 | 326.5 | 327.5 | 285.6 | 284.1 | 278.0 |
| Prepayments and accrued income | 11.5 | 10.7 | 10.6 | 11 | 6 | 6 | 6 | 7.2 | 6.5 | 6.4 |
| Balance sheet total [7] | 1,489.7 | 1,484.2 | 1,467.6 | 1,545 | 849.5 | 873.5 | 889 | 852.0 | 855.2 | 840.6 |
| Liabilities | | | | | | | | | | |
| Own funds [8, 9] | 104.5 | 92.2 | 95.3 | 98.5 | 54.5 | 60 | 65 | 17.7 | 6.7 | 4.4 |
| Creditors | 1,259.5 | 1,264.6 | 1,246.2 | 1,317 | 723.5 | 740.5 | 749.5 | 780.8 | 792.6 | 782.7 |
| Short-term | 864.9 | 857.4 | 840.8 | 886.5 | 481 | 501.5 | 516 | 505.8 | 508.3 | 500.2 |
| *of which* | | | | | | | | | | |
| Owed to credit institutions | 230.2 | 236.3 | 235.9 | 256.5 | 136 | 144.5 | 156.5 | 147.8 | 153.4 | 153.0 |
| Trade creditors | 293.3 | 287.9 | 286.4 | 288 | 153.5 | 157 | 154.5 | 177.6 | 176.1 | 175.8 |
| Owed to affiliated enterprises [6] | 91.8 | 96.5 | 95.7 | 104.5 | 56 | 63 | 68 | 37.9 | 43.6 | 42.8 |
| Long-term | 394.6 | 407.1 | 405.4 | 430.5 | 242.5 | 239 | 233.5 | 275.0 | 284.3 | 282.5 |
| *of which:* Owed to credit institutions | 283.0 | 293.0 | 296.4 | 316 | 176.5 | 176.5 | 171.5 | 201.9 | 211.7 | 212.7 |
| Provisions [9] | 123.1 | 123.6 | 122.2 | 125.5 | 69 | 71.5 | 72 | 52.3 | 54.7 | 52.5 |
| *of which:* Provisions for pensions | 36.4 | 38.1 | 39.6 | 42.5 | 23.5 | 25 | 26 | 11.1 | 11.2 | 11.0 |
| Borrowed funds | 1,382.6 | 1,388.1 | 1,368.5 | 1,442.5 | 792.5 | 812 | 822 | 833.1 | 847.2 | 835.2 |
| Accruals and deferred income | 2.6 | 3.8 | 3.8 | 4 | 2 | 2 | 2 | 1.2 | 1.2 | 1.0 |
| Balance sheet total [7] | 1,489.7 | 1,484.2 | 1,467.6 | 1,545 | 849.5 | 873.5 | 889 | 852.0 | 855.2 | 840.6 |
| II Profit and loss account | | | | | | | | | | |
| Turnover | 2,532.9 | 2,527.5 | 2,541.9 | 2,556 | 1,316.5 | 1,333.5 | 1,333 | 1,473.2 | 1,473.0 | 1,478.0 |
| Change in stocks of own products [10] | 30.3 | 18.7 | 11.2 | 26.5 | 28 | 26.5 | 32 | 15.7 | 8.4 | 4.8 |
| Total output | 2,563.1 | 2,546.2 | 2,553.1 | 2,582.5 | 1,344.5 | 1,360 | 1,365 | 1,488.9 | 1,481.4 | 1,482.8 |
| Interest received | 8.8 | 7.4 | 7.2 | 8 | 4.5 | 5 | 5 | 3.8 | 3.3 | 3.2 |
| Other income | 86.3 | 83.6 | 85.2 | 93.5 | 50.5 | 56 | 58 | 42.5 | 42.1 | 42.0 |
| Total income | 2,658.2 | 2,637.2 | 2,645.5 | 2,684 | 1,399 | 1,421 | 1,428 | 1,535.2 | 1,526.8 | 1,528.0 |
| Cost of materials | 1,495.3 | 1,496.1 | 1,504.0 | 1,511.5 | 777 | 789.5 | 790.5 | 853.0 | 857.0 | 859.4 |
| Labour cost [11] | 574.9 | 571.2 | 565.7 | 575 | 304.5 | 308 | 311 | 325.6 | 323.2 | 320.0 |
| Depreciation | 113.2 | 108.0 | 104.8 | 108 | 57 | 57.5 | 57 | 69.4 | 66.2 | 63.9 |
| of tangible fixed assets | 101.3 | 94.9 | 91.8 | 95 | 50 | 49.5 | 48 | 63.2 | 59.2 | 56.6 |
| Interest paid | 59.7 | 54.3 | 52.0 | 53 | 28 | 29.5 | 30.5 | 39.0 | 36.1 | 34.5 |
| Taxes | 23.4 | 22.1 | 22.4 | 22.5 | 12 | 11 | 10.5 | 11.2 | 10.2 | 10.4 |
| on income and earnings [12] | 17.0 | 16.1 | 16.7 | 17.5 | 9 | 8.5 | 8 | 7.5 | 6.8 | 7.0 |
| Other cost | 343.5 | 342.6 | 345.5 | 357.5 | 193 | 199.5 | 205 | 189.7 | 192.4 | 194.0 |
| Total cost | 2,610.0 | 2,594.3 | 2,594.3 | 2,627.5 | 1,371 | 1,395 | 1,404.5 | 1,487.9 | 1,485.1 | 1,482.2 |
| Profit for the year [13] | 48.2 | 42.9 | 51.3 | 56.5 | 28 | 26.5 | 23.5 | 47.3 | 41.7 | 45.8 |
| Annual result [14] | 46.8 | 41.1 | 50.2 | 56 | 28 | 25.5 | 24 | 47.2 | 42.0 | 46.0 |
| Annual result before taxes on income [15] | 63.8 | 57.2 | 66.9 | 73.5 | 37 | 34 | 31.5 | 54.7 | 48.9 | 53.1 |
| Internally generated funds (cash flow) [16] | . | . | 153.9 | 166.5 | 89.5 | 85.5 | 81 | . | . | 107.6 |

* Enterprises with annual turnover below DM100 million (up to 1998) and below €50 million (from 1999). — ** Extrapolated figures for the manufacturing sector, trade and transportation, based on data from the turnover tax statistics of the Federal Statistical Office. From 1998: estimates, rounded to the nearest half or full DM billion (1998) and euro (from 1999). — **1** Partnerships (including limited partnerships in which private limited companies are partners as well as civil-law associations) and sole proprietorships. — **2** Including cooperative societies and foundations. — **3** Including intangible assets. — **4** Including contracts in progress. — **5** Currency and bank balances. — **6** Including claims and liabilities vis-à-vis affiliated enterprises with which they are linked by virtue of participating interests as well as claims against

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| | | | Corporations 2 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1998 | 1999 | 2000 | 1994 | 1996 | 1997 | 1998 | 1999 | 2000 | Item |
| | | | | | | | | | I Balance sheet |
| | | | | | | | | | Assets |
| 274 | 148 | 152 | 172.0 | 171.3 | 171.3 | 178.5 | 99 | 101.5 | Tangible fixed assets 3 |
| 308 | 169 | 172.5 | 185.2 | 184.7 | 182.4 | 200 | 112.5 | 115.5 | Inventories 4 |
| 192.5 | 97.5 | 100 | 92.0 | 95.9 | 98.7 | 107 | 57.5 | 58.5 | *of which:* Finished goods, goods for resale |
| 582 | 317 | 324.5 | 357.1 | 356.0 | 353.7 | 378.5 | 212 | 217 | Non-financial assets |
| 40.5 | 22.5 | 21 | 38.3 | 38.2 | 37.6 | 38.5 | 22.5 | 22 | Cash 5 |
| 231.5 | 120.5 | 125 | 221.8 | 213.8 | 213.3 | 220.5 | 121.5 | 129 | Debtors |
| 214 | 111.5 | 116 | 209.0 | 199.7 | 198.4 | 203.5 | 112.5 | 119 | Short-term |
| | | | | | | | | | *of which* |
| 142.5 | 75.5 | 77.5 | 129.1 | 126.0 | 124.5 | 124.5 | 67 | 68.5 | Trade debtors |
| 37.5 | 18.5 | 20.5 | 41.7 | 41.0 | 42.2 | 46 | 26 | 30 | Owed by affiliated enterprises 6 |
| 17.5 | 9 | 8.5 | 12.8 | 14.1 | 14.9 | 17 | 9.5 | 10 | Long-term |
| 2.5 | 2.5 | 2.5 | 2.4 | 2.6 | 3.1 | 3.5 | 2.5 | 3 | Investments |
| 19 | 11 | 11 | 13.7 | 14.2 | 15.0 | 17.5 | 11.5 | 14 | Participating interests |
| 293.5 | 156.5 | 159 | 276.2 | 268.8 | 269.0 | 279.5 | 158 | 167.5 | Financial assets |
| 6.5 | 3.5 | 3.5 | 4.4 | 4.2 | 4.2 | 4.5 | 2.5 | 2.5 | Prepayments and accrued income |
| 882.5 | 477 | 487 | 637.7 | 629.0 | 626.9 | 663 | 372 | 387 | Balance sheet total 7 |
| | | | | | | | | | Liabilities |
| 2 | – 2.5 | – 2 | 86.8 | 85.5 | 90.9 | 97 | 57 | 62 | Own funds 8, 9 |
| 825.5 | 449.5 | 458 | 478.6 | 472.0 | 463.5 | 491.5 | 274 | 282.5 | Creditors |
| 524 | 283 | 292.5 | 359.0 | 349.2 | 340.6 | 362 | 198.5 | 209 | Short-term |
| | | | | | | | | | *of which:* |
| 166 | 89.5 | 93.5 | 82.4 | 82.9 | 82.9 | 90.5 | 47 | 51 | Owed to credit institutions |
| 176.5 | 92 | 94.5 | 115.7 | 111.8 | 110.6 | 111.5 | 61 | 63 | Trade creditors |
| 46.5 | 24.5 | 28 | 53.9 | 53.0 | 52.9 | 57.5 | 31.5 | 35 | Owed to affiliated enterprises 6 |
| 301 | 167 | 165.5 | 119.6 | 122.8 | 122.9 | 129.5 | 75.5 | 73.5 | Long-term |
| 227.5 | 125 | 125.5 | 81.1 | 81.3 | 83.7 | 88.5 | 51.5 | 51 | *of which:* Owed to credit institutions |
| 54 | 29.5 | 30.5 | 70.8 | 68.9 | 69.8 | 71.5 | 40 | 41 | Provisions 9 |
| 11.5 | 6 | 6.5 | 25.4 | 26.9 | 28.6 | 31 | 17.5 | 18.5 | *of which:* Provisions for pensions |
| 879.5 | 479 | 488.5 | 549.4 | 540.9 | 533.3 | 563 | 313.5 | 323.5 | Borrowed funds |
| 1 | 0.5 | 0.5 | 1.5 | 2.6 | 2.8 | 3 | 1.5 | 1.5 | Accruals and deferred income |
| 882.5 | 477 | 487 | 637.7 | 629.0 | 626.9 | 663 | 372 | 387 | Balance sheet total 7 |
| | | | | | | | | | II Profit and loss account |
| 1,489 | 766.5 | 781.5 | 1,059.7 | 1,054.5 | 1,063.8 | 1,067 | 550 | 552.5 | Turnover |
| 12 | 14.5 | 13.5 | 14.5 | 10.3 | 6.4 | 15 | 13 | 13 | Change in stocks of own products 10 |
| 1,500.5 | 781.5 | 795 | 1,074.2 | 1,064.8 | 1,070.3 | 1,082 | 563 | 565 | Total output |
| 3.5 | 2 | 2 | 5.0 | 4.0 | 4.1 | 4.5 | 2.5 | 2.5 | Interest received |
| 47.5 | 25 | 28 | 43.8 | 41.5 | 43.2 | 45.5 | 25.5 | 28.5 | Other income |
| 1,552 | 808 | 825 | 1,123.0 | 1,110.4 | 1,117.5 | 1,132 | 591 | 596.5 | Total income |
| 865.5 | 447.5 | 458 | 642.3 | 639.1 | 644.5 | 646 | 329.5 | 331.5 | Cost of materials |
| 324.5 | 170.5 | 172.5 | 249.3 | 248.0 | 245.7 | 250.5 | 134 | 135 | Labour cost 11 |
| 65.5 | 34 | 34 | 43.8 | 41.8 | 40.9 | 42.5 | 23 | 23.5 | Depreciation |
| 58.5 | 30 | 30 | 38.0 | 35.7 | 35.2 | 36.5 | 20 | 20 | of tangible fixed assets |
| 35.5 | 18.5 | 19 | 20.7 | 18.2 | 17.5 | 17.5 | 9.5 | 10 | Interest paid |
| 10 | 5.5 | 5.5 | 12.2 | 11.9 | 12.0 | 12.5 | 6.5 | 6 | Taxes |
| 7 | 4 | 4 | 9.5 | 9.3 | 9.6 | 10.5 | 5.5 | 4.5 | on income and earnings 12 |
| 200 | 107.5 | 112 | 153.8 | 150.2 | 151.5 | 157.5 | 85.5 | 87.5 | Other cost |
| 1,500.5 | 783 | 801 | 1,122.0 | 1,109.2 | 1,112.1 | 1,127 | 588 | 593.5 | Total cost |
| 51 | 25.5 | 23.5 | 1.0 | 1.3 | 5.4 | 5.5 | 3 | 2.5 | Profit for the year 13 |
| 51.5 | 25.5 | 23.5 | – 0.5 | – 0.9 | 4.2 | 4.5 | 2.5 | 2 | Annual result 14 |
| 58.5 | 29 | 27.5 | 9.1 | 8.3 | 13.8 | 15 | 8 | 6.5 | Annual result before taxes on income 15 |
| 117.5 | 60.5 | 59 | . | . | 46.3 | 49 | 29 | 26.5 | Internally generated funds (cash flow) 16 |

partners not netted with equity capital and liabilities vis-á-vis partners. — **7** Less adjustments to capital accounts. — **8** Capital, reserves and profit brought forward, less adjustments to capital accounts. — **9** Including pro rata share of special reserves. — **10** Including other capitalised production. — **11** Gross wages, salaries and employers' social contributions. — **12** In the case of partnerships and sole proprietorships, trade earnings tax only. — **13** Total income less total costs. — **14** Profit for the year before profit and loss transfers. — **15** Taxes on income and earnings. — **16** Annual result, depreciation allowances, changes in provisions, in special reserves and in prepayments and accrued income less write-ups of tangible fixed assets.

## Large enterprises' * balance sheets and profit and loss accounts in Germany **

DM billion until 1998, from 1999 € billion

| Item | All forms of business organisation | | | | | | | Non-corporations 1 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1994 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 1994 | 1996 | 1997 |
| I Balance sheet | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Tangible fixed assets 3 | 500.8 | 492.4 | 502.4 | 528 | 278 | 288 | 290.5 | 85.0 | 90.6 | 97.7 |
| Inventories 4 | 336.6 | 342.2 | 350.9 | 364 | 190.5 | 201 | 200.5 | 98.4 | 95.8 | 102.1 |
| *of which:* Finished goods, goods for resale | 147.6 | 154.4 | 160.8 | 171.5 | 90.5 | 96.5 | 95 | 51.3 | 54.1 | 59.5 |
| Non-financial assets | 837.5 | 834.6 | 853.3 | 892 | 468.5 | 489.5 | 491 | 183.5 | 186.4 | 199.8 |
| Cash 5 | 96.3 | 106.6 | 103.4 | 91 | 43.5 | 37.5 | 44.5 | 21.8 | 23.0 | 23.3 |
| Debtors | 575.4 | 604.8 | 646.7 | 701 | 398 | 437 | 465 | 119.2 | 128.6 | 137.5 |
| Short-term | 533.0 | 558.7 | 598.9 | 652.5 | 372.5 | 409 | 427.5 | 111.8 | 121.6 | 130.8 |
| *of which* | | | | | | | | | | |
| Trade debtors | 232.1 | 235.2 | 245.4 | 252 | 141 | 153.5 | 148 | 59.8 | 64.2 | 69.7 |
| Owed by affiliated enterprises 6 | 221.4 | 244.2 | 274.9 | 320.5 | 185 | 202 | 227 | 37.1 | 42.3 | 45.7 |
| Long-term | 42.4 | 46.1 | 47.7 | 48.5 | 25.5 | 28 | 37.5 | 7.4 | 7.0 | 6.8 |
| Investments | 77.0 | 85.3 | 94.0 | 105.5 | 57 | 60.5 | 53 | 4.6 | 5.5 | 4.6 |
| Participating interests | 267.1 | 305.3 | 318.4 | 370.5 | 215.5 | 251.5 | 257.5 | 24.6 | 27.4 | 28.1 |
| Financial assets | 1,015.9 | 1,102.0 | 1,162.4 | 1,268 | 714.5 | 786.5 | 819.5 | 170.2 | 184.5 | 193.5 |
| Prepayments and accrued income | 4.7 | 4.9 | 5.1 | 5 | 2.5 | 2.5 | 2.5 | 1.4 | 1.1 | 1.1 |
| Balance sheet total 7 | 1,858.0 | 1,941.5 | 2,020.8 | 2,165.5 | 1,185.5 | 1,278.5 | 1,313 | 355.0 | 372.0 | 394.4 |
| Liabilities | | | | | | | | | | |
| Own funds 8, 9 | 451.1 | 485.0 | 509.5 | 556.5 | 303 | 312.5 | 325 | 51.8 | 62.8 | 66.8 |
| Creditors | 846.1 | 872.7 | 918.3 | 991 | 547 | 607.5 | 614.5 | 238.3 | 238.4 | 255.6 |
| Short-term | 665.0 | 692.4 | 736.5 | 783.5 | 433.5 | 496.5 | 499.5 | 177.9 | 174.3 | 186.5 |
| *of which* | | | | | | | | | | |
| Owed to credit institutions | 76.9 | 83.9 | 93.5 | 99 | 57 | 60 | 58.5 | 28.1 | 30.2 | 34.3 |
| Trade creditors | 180.4 | 183.0 | 194.5 | 196.5 | 100.5 | 116 | 108 | 57.5 | 58.0 | 60.9 |
| Owed to affiliated enterprises 6 | 180.3 | 204.0 | 218.6 | 263 | 154 | 185 | 210.5 | 41.2 | 42.8 | 46.3 |
| Long-term | 181.1 | 180.3 | 181.8 | 207.5 | 113.5 | 111 | 115 | 60.4 | 64.1 | 69.1 |
| *of which:* Owed to credit institutions | 89.0 | 85.4 | 85.6 | 102.5 | 60 | 59.5 | 61 | 28.6 | 29.2 | 30.2 |
| Provisions 9 | 549.6 | 572.1 | 581.1 | 605 | 328.5 | 350.5 | 365 | 63.9 | 69.6 | 70.6 |
| *of which:* Provisions for pensions | 222.8 | 237.7 | 243.0 | 259.5 | 143.5 | 154 | 159.5 | 24.7 | 29.3 | 31.1 |
| Borrowed funds | 1,395.7 | 1,444.9 | 1,499.3 | 1,596 | 875.5 | 958.5 | 979 | 302.2 | 308.0 | 326.2 |
| Accruals and deferred income | 11.2 | 11.6 | 12.0 | 13 | 7.5 | 8 | 8.5 | 1.0 | 1.2 | 1.3 |
| Balance sheet total 7 | 1,858.0 | 1,941.5 | 2,020.8 | 2,165.5 | 1,185.5 | 1,278.5 | 1,313 | 355.0 | 372.0 | 394.4 |
| II Profit and loss account | | | | | | | | | | |
| Turnover | 2,894.7 | 3,072.4 | 3,294.2 | 3,447.5 | 1,829 | 2,025.5 | 2,076 | 831.9 | 896.1 | 939.3 |
| Change in stocks of own products 10 | 3.2 | 5.4 | 0.2 | 4.5 | – 1.5 | 1.5 | – 0.5 | 2.9 | – 0.4 | – 0.3 |
| Total output | 2,897.9 | 3,077.8 | 3,294.4 | 3,452 | 1,827.5 | 2,027 | 2,075.5 | 834.8 | 895.7 | 939.0 |
| Interest received | 26.1 | 23.0 | 23.3 | 25.5 | 13.5 | 16 | 19 | 3.9 | 3.2 | 3.2 |
| Other income | 148.8 | 157.4 | 166.4 | 199.5 | 116 | 130.5 | 139 | 29.7 | 30.9 | 31.8 |
| Total income | 3,072.8 | 3,258.3 | 3,484.1 | 3,677 | 1,957 | 2,173.5 | 2,233.5 | 868.4 | 929.8 | 974.0 |
| Cost of materials | 1,855.9 | 2,006.6 | 2,155.3 | 2,255 | 1,206.5 | 1,378 | 1,425 | 558.2 | 608.7 | 638.0 |
| Labour cost 11 | 491.4 | 498.7 | 508.7 | 534.5 | 280 | 288 | 287.5 | 128.3 | 135.7 | 139.1 |
| Depreciation | 123.2 | 114.6 | 115.2 | 126 | 67 | 72 | 75 | 25.2 | 26.9 | 26.2 |
| of tangible fixed assets | 109.3 | 101.8 | 103.9 | 109 | 58.5 | 62 | 62 | 21.7 | 22.4 | 23.1 |
| Interest paid | 31.4 | 26.8 | 27.6 | 31 | 16 | 20 | 23.5 | 9.5 | 7.9 | 7.9 |
| Taxes | 132.4 | 140.5 | 161.1 | 171.5 | 86 | 89.5 | 90 | 13.3 | 13.9 | 18.7 |
| on income and earnings 12 | 25.4 | 29.7 | 39.7 | 50 | 25.5 | 25.5 | 22.5 | 4.7 | 4.2 | 5.2 |
| Other cost | 392.9 | 426.0 | 451.4 | 484.5 | 265 | 285.5 | 302.5 | 111.0 | 117.7 | 120.5 |
| Total cost | 3,027.2 | 3,213.2 | 3,419.2 | 3,602 | 1,920.5 | 2,132.5 | 2,204 | 845.4 | 910.8 | 950.4 |
| Profit for the year 13 | 45.6 | 45.0 | 64.9 | 75 | 36.5 | 41 | 29.5 | 23.0 | 19.1 | 23.6 |
| Annual result 14 | 52.0 | 53.0 | 74.7 | 84 | 41.5 | 49.5 | 42 | 23.7 | 19.9 | 24.6 |
| Annual result before taxes on income 15 | 77.4 | 82.7 | 114.4 | 134 | 67 | 75 | 64.5 | 28.4 | 24.1 | 29.8 |
| Internally generated funds (cash flow) 16 | . | . | 198.8 | 234 | 128 | 143 | 131.5 | . | . | 52.0 |

* Enterprises with annual turnover of DM100 million or more (up to 1998) and €50 million or more (from 1999). — ** Extrapolated figures for the manufacturing sector, trade and transportation, based on data from the turnover tax statistics of the Federal Statistical Office. From 1998: estimates, rounded to the nearest half or full DM billion (1998) and euro (from 1999). — **1** Partnerships (including limited partnerships in which private limited companies are partners as well as civil-law associations) and sole proprietorships. — **2** Including cooperative societies and foundations. — **3** Including intangible assets. — **4** Including contracts in progress. — **5** Currency and bank balances. — **6** Including claims and liabilities vis-à-vis affiliated enterprises with which they are linked by virtue of participating interests as well as claims against

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| | | | Corporations 2 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1998 | 1999 | 2000 | 1994 | 1996 | 1997 | 1998 | 1999 | 2000 | Item |
| | | | | | | | | | I Balance sheet |
| | | | | | | | | | Assets |
| 108 | 59.5 | 57.5 | 415.8 | 401.8 | 404.8 | 420 | 219 | 230.5 | Tangible fixed assets 3 |
| 109 | 57.5 | 62 | 238.2 | 246.4 | 248.8 | 255 | 133 | 139 | Inventories 4 |
| 63.5 | 33 | 35 | 96.3 | 100.3 | 101.4 | 108 | 57.5 | 61.5 | *of which:* Finished goods, goods for resale |
| 217 | 117 | 119.5 | 654.0 | 648.2 | 653.6 | 675 | 352 | 369.5 | Non-financial assets |
| 23.5 | 13.5 | 12.5 | 74.5 | 83.6 | 80.1 | 67.5 | 30.5 | 25.5 | Cash 5 |
| 153 | 84 | 93 | 456.2 | 476.2 | 509.1 | 548 | 314 | 344 | Debtors |
| 145 | 79.5 | 88 | 421.3 | 437.2 | 468.1 | 507.5 | 292.5 | 320.5 | Short-term |
| | | | | | | | | | *of which* |
| 73.5 | 41.5 | 42.5 | 172.3 | 171.0 | 175.7 | 178.5 | 99.5 | 110.5 | Trade debtors |
| 54 | 28.5 | 35 | 184.4 | 201.8 | 229.3 | 266.5 | 156.5 | 167 | Owed by affiliated enterprises 6 |
| 8 | 4.5 | 5 | 35.0 | 39.1 | 41.0 | 40.5 | 21 | 23.5 | Long-term |
| 5.5 | 3.5 | 3.5 | 72.5 | 79.8 | 89.4 | 100.5 | 54 | 57 | Investments |
| 33.5 | 20 | 23.5 | 242.5 | 277.9 | 290.3 | 337 | 196 | 228 | Participating interests |
| 215.5 | 120.5 | 132.5 | 845.7 | 917.5 | 968.9 | 1,052.5 | 593.5 | 654 | Financial assets |
| 1 | 0.5 | 0.5 | 3.3 | 3.8 | 3.9 | 4 | 2 | 2 | Prepayments and accrued income |
| 433.5 | 238 | 253 | 1,503.0 | 1,569.4 | 1,626.4 | 1,731.5 | 947.5 | 1,025.5 | Balance sheet total 7 |
| | | | | | | | | | Liabilities |
| 75 | 40.5 | 44 | 399.3 | 422.1 | 442.7 | 481.5 | 262.5 | 268.5 | Own funds 8, 9 |
| 282 | 154 | 161.5 | 607.8 | 634.3 | 662.7 | 709 | 393 | 446 | Creditors |
| 203 | 111 | 122.5 | 487.1 | 518.1 | 550.0 | 581 | 322.5 | 374 | Short-term |
| | | | | | | | | | *of which* |
| 37 | 20.5 | 22.5 | 48.8 | 53.7 | 59.2 | 61.5 | 36 | 37.5 | Owed to credit institutions |
| 64 | 31.5 | 34 | 122.8 | 125.0 | 133.6 | 132.5 | 69.5 | 82 | Trade creditors |
| 55.5 | 32 | 38.5 | 139.1 | 161.2 | 172.3 | 207.5 | 122.5 | 146.5 | Owed to affiliated enterprises 6 |
| 79 | 43.5 | 39 | 120.7 | 116.2 | 112.7 | 128 | 70 | 72 | Long-term |
| 36.5 | 20.5 | 19.5 | 60.5 | 56.2 | 55.3 | 66 | 40 | 40 | *of which:* Owed to credit institutions |
| 75.5 | 42.5 | 46.5 | 485.8 | 502.6 | 510.4 | 529.5 | 285.5 | 304 | Provisions 9 |
| 33.5 | 18.5 | 20.5 | 198.1 | 208.4 | 211.9 | 226 | 125 | 133.5 | *of which:* Provisions for pensions |
| 357.5 | 197 | 208.5 | 1,093.6 | 1,136.9 | 1,173.1 | 1,238.5 | 678.5 | 750 | Borrowed funds |
| 1.5 | 1 | 0.5 | 10.2 | 10.4 | 10.6 | 11.5 | 6.5 | 7.5 | Accruals and deferred income |
| 433.5 | 238 | 253 | 1,503.0 | 1,569.4 | 1,626.4 | 1,731.5 | 947.5 | 1,025.5 | Balance sheet total 7 |
| | | | | | | | | | II Profit and loss account |
| 994.5 | 541 | 586.5 | 2,062.8 | 2,176.3 | 2,354.9 | 2,453 | 1,288 | 1,439 | Turnover |
| 2.5 | 0 | 0 | 0.3 | 5.8 | 0.5 | 2 | – 1 | 1.5 | Change in stocks of own products 10 |
| 997 | 540.5 | 586.5 | 2,063.1 | 2,182.1 | 2,355.4 | 2,455 | 1,287 | 1,440.5 | Total output |
| 3.5 | 1.5 | 2 | 22.2 | 19.8 | 20.1 | 22 | 12 | 14 | Interest received |
| 38.5 | 19.5 | 21.5 | 119.2 | 126.5 | 134.6 | 161 | 96.5 | 109 | Other income |
| 1,039 | 561.5 | 610 | 2,204.5 | 2,328.4 | 2,510.1 | 2,638 | 1,395.5 | 1,563.5 | Total income |
| 674 | 368.5 | 406 | 1,297.7 | 1,397.9 | 1,517.3 | 1,581 | 838 | 971.5 | Cost of materials |
| 149.5 | 80.5 | 84.5 | 363.2 | 363.0 | 369.6 | 385 | 199.5 | 203.5 | Labour cost 11 |
| 28 | 15 | 15.5 | 98.0 | 87.7 | 89.0 | 97.5 | 51.5 | 56 | Depreciation |
| 25 | 14 | 14 | 87.7 | 79.4 | 80.8 | 84 | 45 | 48 | of tangible fixed assets |
| 9 | 4.5 | 5 | 22.0 | 18.9 | 19.6 | 22.5 | 11 | 14.5 | Interest paid |
| 19 | 10.5 | 11.5 | 119.1 | 126.6 | 142.4 | 152 | 75.5 | 78 | Taxes |
| 7 | 3.5 | 4 | 20.7 | 25.5 | 34.5 | 43.5 | 21.5 | 22 | on income and earnings 12 |
| 129.5 | 68 | 71.5 | 281.9 | 308.3 | 330.9 | 355 | 197.5 | 214 | Other cost |
| 1,009 | 547.5 | 594.5 | 2,181.9 | 2,302.4 | 2,468.8 | 2,593.5 | 1,373 | 1,538 | Total costs |
| 30 | 14 | 15.5 | 22.6 | 26.0 | 41.3 | 45 | 22.5 | 25.5 | Profit for the year 13 |
| 31 | 14 | 15 | 28.2 | 33.1 | 50.1 | 53 | 27.5 | 34.5 | Annual result 14 |
| 37.5 | 17.5 | 19 | 49.0 | 58.6 | 84.6 | 96.5 | 49 | 56 | Annual result before taxes on income 15 |
| 64 | 33.5 | 34 | . | . | 146.8 | 170 | 95 | 109 | Internally generated funds (cash flow) 16 |

partners not netted with equity capital and liabilities vis-á-vis partners. — **7** Less adjustments to capital accounts. — **8** Capital, reserves and profit brought forward, less adjustments to capital accounts. — **9** Including pro rata share of special reserves. — **10** Including other capitalised production. — **11** Gross wages, salaries and employers' social contributions. — **12** In the case of partnerships and sole proprietorships, trade earnings tax only. — **13** Total income less total costs. — **14** Profit for the year before profit and loss transfers. — **15** Taxes on income and earnings. — **16** Annual result, depreciation allowances, changes in provisions, in special reserves and in prepayments and accrued income less write-ups of tangible fixed assets.

## Selected ratios of small and medium-sized enterprises (SMEs *) in Germany **

| Item | All forms of business organisation | | | | | | | Non-corporations 1 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1994 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 1994 | 1996 | 1997 |
| I Balance sheet ratios | % of balance sheet total (adjusted) | | | | | | | | | |
| Assets | | | | | | | | | | |
| Tangible fixed assets 3 | 29.9 | 29.9 | 29.7 | 29.5 | 29 | 29 | 29 | 32.2 | 31.9 | 31.4 |
| Inventories 4 | 31.6 | 32.1 | 32.3 | 33 | 33 | 33 | 33.5 | 33.5 | 34.1 | 34.7 |
| Cash 5 | 5.2 | 5.3 | 5.2 | 5 | 5.5 | 5 | 5 | 4.6 | 4.7 | 4.7 |
| Debtors | 30.3 | 29.6 | 29.6 | 29 | 28.5 | 29 | 28.5 | 26.9 | 26.4 | 26.2 |
| Short-term | 28.3 | 27.5 | 27.4 | 27 | 26.5 | 27 | 26.5 | 24.9 | 24.3 | 24.3 |
| Long-term | 2.0 | 2.2 | 2.1 | 2 | 2 | 2 | 2 | 2.0 | 2.1 | 1.9 |
| Investments | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.3 | 0.3 | 0.3 |
| Participating interests | 1.9 | 2.0 | 2.1 | 2.5 | 2.5 | 3 | 3 | 1.7 | 1.9 | 1.9 |
| Liabilities | | | | | | | | | | |
| Own funds (adjusted) 6 | 7.0 | 6.2 | 6.5 | 6.5 | 6.5 | 7 | 7.5 | 2.1 | 0.8 | 0.5 |
| Creditors | 84.5 | 85.2 | 84.9 | 85 | 85 | 84.5 | 84.5 | 91.6 | 92.7 | 93.1 |
| Short-term | 58.1 | 57.8 | 57.3 | 57.5 | 56.5 | 57.5 | 58 | 59.4 | 59.4 | 59.5 |
| Long-term | 26.5 | 27.4 | 27.6 | 28 | 28.5 | 27.5 | 26.5 | 32.3 | 33.2 | 33.6 |
| Provisions 6 | 8.3 | 8.3 | 8.3 | 8 | 8 | 8 | 8 | 6.1 | 6.4 | 6.2 |
| *of which* Provisions for pensions | 2.4 | 2.6 | 2.7 | 2.5 | 3 | 3 | 3 | 1.3 | 1.3 | 1.3 |
| *Memo item:* Turnover | 170.0 | 170.3 | 173.2 | 165.5 | 155 | 152.5 | 150 | 172.9 | 172.2 | 175.8 |
| II Profit and loss account ratios | % of total output | | | | | | | | | |
| Turnover | 98.8 | 99.3 | 99.6 | 99 | 98 | 98 | 97.5 | 98.9 | 99.4 | 99.7 |
| Change in stocks of own products 7 | 1.2 | 0.7 | 0.4 | 1 | 2 | 2 | 2.5 | 1.1 | 0.6 | 0.3 |
| Total output | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Interest received | 0.3 | 0.3 | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 | 0.3 | 0.2 | 0.2 |
| Other income | 3.4 | 3.3 | 3.3 | 3.5 | 4 | 4 | 4 | 2.9 | 2.8 | 2.8 |
| Total income | 103.7 | 103.6 | 103.6 | 104 | 104 | 104.5 | 104.5 | 103.1 | 103.1 | 103.0 |
| Cost of materials | 58.3 | 58.8 | 58.9 | 58.5 | 58 | 58 | 58 | 57.3 | 57.9 | 58.0 |
| Labour cost 8 | 22.4 | 22.4 | 22.2 | 22.5 | 22.5 | 22.5 | 23 | 21.9 | 21.8 | 21.6 |
| Depreciation of tangible fixed assets | 4.0 | 3.7 | 3.6 | 3.5 | 3.5 | 3.5 | 3.5 | 4.2 | 4.0 | 3.8 |
| Other depreciation 9 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 | 0.5 |
| Interest paid | 2.3 | 2.1 | 2.0 | 2 | 2 | 2 | 2 | 2.6 | 2.4 | 2.3 |
| Taxes | 0.9 | 0.9 | 0.9 | 1 | 1 | 1 | 1 | 0.8 | 0.7 | 0.7 |
| on income and earnings 10 | 0.7 | 0.6 | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Other cost | 13.4 | 13.5 | 13.5 | 14 | 14.5 | 14.5 | 15 | 12.7 | 13.0 | 13.1 |
| Total cost | 101.8 | 101.9 | 101.6 | 101.5 | 102 | 102.5 | 103 | 99.9 | 100.3 | 100.0 |
| Profit for the year | 1.9 | 1.7 | 2.0 | 2 | 2 | 2 | 1.5 | 3.2 | 2.8 | 3.1 |
| | % of turnover | | | | | | | | | |
| Annual result 11 | 1.8 | 1.6 | 2.0 | 2 | 2 | 2 | 2 | 3.2 | 2.9 | 3.1 |
| Annual result before taxes on income 12 | 2.5 | 2.3 | 2.6 | 3 | 3 | 2.5 | 2.5 | 3.7 | 3.3 | 3.6 |
| Internally generated funds 13 | . | . | 6.1 | 6.5 | 7 | 6.5 | 6 | . | . | 7.3 |
| III Other ratios | % of turnover | | | | | | | | | |
| Inventories | 18.6 | 18.9 | 18.7 | 20 | 21.5 | 21.5 | 22.5 | 19.4 | 19.8 | 19.7 |
| Short-term debtors | 16.6 | 16.1 | 15.8 | 16.5 | 17 | 17.5 | 17.5 | 14.4 | 14.1 | 13.8 |
| | % of tangible fixed assets | | | | | | | | | |
| Own funds (adjusted) | 23.4 | 20.8 | 21.9 | 22 | 22 | 23.5 | 25 | 6.5 | 2.5 | 1.7 |
| Long-term liabilities 14 | 121.7 | 123.0 | 126.2 | 128.5 | 132 | 130 | 128.5 | 112.5 | 112.9 | 115.0 |
| | % of fixed assets 15 | | | | | | | | | |
| Long-term liabilities 14 | 107.3 | 107.5 | 109.9 | 110.5 | 112.5 | 110.5 | 108 | 100.5 | 100.2 | 102.2 |
| | % of short-term creditors | | | | | | | | | |
| Liquidities 16 and short-term debtors | 58.0 | 57.0 | 57.4 | 56.5 | 56.5 | 56 | 54 | 50.0 | 49.1 | 48.9 |
| Liquidities, 16 short-term debtors and inventories | 112.4 | 112.6 | 113.8 | 114 | 115 | 113.5 | 112 | 106.4 | 106.5 | 107.3 |
| | % of borrowed funds 17 less cash | | | | | | | | | |
| Internally generated funds 13 | . | . | 11.9 | 12 | 12 | 11 | 10.5 | . | . | 13.5 |
| | % of balance sheet total (adjusted) | | | | | | | | | |
| Annual result 11 and interest paid | 7.1 | 6.4 | 7.0 | 7 | 6.5 | 6.5 | 6 | 10.1 | 9.1 | 9.6 |

* Enterprises with annual turnover below DM100 million (up to 1998) and below €50 million (from 1999). — ** Extrapolated figures for the manufacturing sector, trade and transportation based on data from the turnover tax statistics of the Federal Statistical Office. – From 1998: estimates, rounded to the nearest half or full percentage point. — **1** Partnerships (including limited partnerships in which private limited companies are partners as well as civil-law associations) and sole proprietorships. — **2** Including cooperative societies and foundations. — **3** Including intangible assets. — **4** Including contracts in progress. — **5** Currency and bank balances. — **6** Including pro rata share of special reserves. — **7** Including other capitalised production. — **8** Gross wages and salaries and employers' social contributions. —

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| | | | Corporations [2] | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1998 | 1999 | 2000 | 1994 | 1996 | 1997 | 1998 | 1999 | 2000 | Item |
| % of balance sheet total (adjusted) | | | | | | | | | I Balance sheet ratios |
| | | | | | | | | | Assets |
| 31 | 31 | 31 | 27.0 | 27.2 | 27.3 | 27 | 26.5 | 26 | Tangible fixed assets [3] |
| 35 | 35.5 | 35.5 | 29.0 | 29.4 | 29.1 | 30 | 30 | 30 | Inventories [4] |
| 4.5 | 5 | 4.5 | 6.0 | 6.1 | 6.0 | 6 | 6 | 5.5 | Cash [5] |
| 26 | 25.5 | 25.5 | 34.8 | 34.0 | 34.0 | 33 | 32.5 | 33.5 | Debtors |
| 24 | 23.5 | 24 | 32.8 | 31.7 | 31.6 | 30.5 | 30 | 31 | Short-term |
| 2 | 2 | 2 | 2.0 | 2.2 | 2.4 | 2.5 | 2.5 | 2.5 | Long-term |
| 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | Investments |
| 2 | 2.5 | 2.5 | 2.2 | 2.3 | 2.4 | 2.5 | 3 | 3.5 | Participating interests |
| | | | | | | | | | Liabilities |
| 0 | – 0.5 | – 0.5 | 13.6 | 13.6 | 14.5 | 14.5 | 15.5 | 16 | Own funds (adjusted) [6] |
| 93.5 | 94.5 | 94 | 75.1 | 75.0 | 73.9 | 74 | 73.5 | 73 | Creditors |
| 59.5 | 59.5 | 60 | 56.3 | 55.5 | 54.3 | 54.5 | 53.5 | 54 | Short-term |
| 34 | 35 | 34 | 18.8 | 19.5 | 19.6 | 19.5 | 20.5 | 19 | Long-term |
| 6 | 6 | 6.5 | 11.1 | 11.0 | 11.1 | 11 | 10.5 | 10.5 | Provisions [6] |
| | | | | | | | | | *of which* |
| 1.5 | 1.5 | 1.5 | 4.0 | 4.3 | 4.6 | 4.5 | 4.5 | 4.5 | Provisions for pensions |
| 169 | 160.5 | 160.5 | 166.2 | 167.7 | 169.7 | 161 | 147.5 | 143 | *Memo item:* Turnover |
| % of total output | | | | | | | | | II Profit and loss account ratios |
| 99 | 98 | 98.5 | 98.6 | 99.0 | 99.4 | 98.5 | 97.5 | 97.5 | Turnover |
| 1 | 2 | 1.5 | 1.4 | 1.0 | 0.6 | 1.5 | 2.5 | 2.5 | Change in stocks of own products [7] |
| 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | Total output |
| 0 | 0 | 0.5 | 0.5 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | Interest received |
| 3 | 3 | 3.5 | 4.1 | 3.9 | 4.0 | 4 | 4.5 | 5 | Other income |
| 103.5 | 103.5 | 104 | 104.5 | 104.3 | 104.4 | 104.5 | 105 | 105.5 | Total income |
| 57.5 | 57.5 | 57.5 | 59.8 | 60.0 | 60.2 | 59.5 | 58.5 | 58.5 | Cost of materials |
| 21.5 | 22 | 21.5 | 23.2 | 23.3 | 23.0 | 23 | 24 | 24 | Labour cost [8] |
| 4 | 4 | 4 | 3.5 | 3.4 | 3.3 | 3.5 | 3.5 | 3.5 | Depreciation of tangible fixed assets |
| 0.5 | 0.5 | 0.5 | 0.5 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | Other depreciation [9] |
| 2.5 | 2.5 | 2.5 | 1.9 | 1.7 | 1.6 | 1.5 | 1.5 | 2 | Interest paid |
| 0.5 | 0.5 | 0.5 | 1.1 | 1.1 | 1.1 | 1 | 1 | 1 | Taxes |
| 0.5 | 0.5 | 0.5 | 0.9 | 0.9 | 0.9 | 1 | 1 | 1 | on income and earnings [10] |
| 13.5 | 13.5 | 14 | 14.3 | 14.1 | 14.2 | 14.5 | 15 | 15.5 | Other cost |
| 100 | 100 | 101 | 104.4 | 104.2 | 103.9 | 104 | 104.5 | 105 | Total cost |
| 3.5 | 3 | 3 | 0.1 | 0.1 | 0.5 | 0.5 | 0.5 | 0.5 | Profit for the year |
| % of turnover | | | | | | | | | |
| 3.5 | 3.5 | 3 | 0.0 | – 0.1 | 0.4 | 0.5 | 0.5 | 0.5 | Annual result [11] |
| 4 | 4 | 3.5 | 0.9 | 0.8 | 1.3 | 1.5 | 1.5 | 1 | Annual result before taxes on income [12] |
| 8 | 8 | 7.5 | . | . | 4.4 | 4.5 | 5.5 | 5 | Internally generated funds [13] |
| % of turnover | | | | | | | | | III Other ratios |
| 20.5 | 22 | 22 | 17.5 | 17.5 | 17.1 | 18.5 | 20.5 | 21 | Inventories |
| 14.5 | 14.5 | 15 | 19.7 | 18.9 | 18.6 | 19 | 20.5 | 21.5 | Short-term debtors |
| % of tangible fixed assets | | | | | | | | | |
| 0.5 | – 1.5 | – 1.5 | 50.5 | 49.9 | 53.1 | 54 | 57.5 | 61 | Own funds (adjusted) |
| 117 | 117.5 | 114 | 136.4 | 139.1 | 143.4 | 146 | 153 | 153.5 | Long-term liabilities [14] |
| % of fixed assets [15] | | | | | | | | | |
| 103 | 103 | 101 | 117.6 | 118.8 | 121.2 | 121.5 | 125.5 | 123 | Long-term liabilities [14] |
| % of short-term creditors | | | | | | | | | |
| 49 | 48 | 47.5 | 69.3 | 68.6 | 69.8 | 67.5 | 68.5 | 68 | Liquidities [16] and short-term debtors |
| 107.5 | 107.5 | 106.5 | 120.8 | 121.5 | 123.3 | 122.5 | 125.5 | 123.5 | Liquidities, [16] short-term debtors and inventories |
| % of borrowed funds [17] less cash | | | | | | | | | |
| 14 | 13.5 | 12.5 | . | . | 9.4 | 9.5 | 10 | 9 | Internally generated funds [13] |
| % of balance sheet total (adjusted) | | | | | | | | | |
| 10 | 9 | 9 | 3.2 | 2.7 | 3.5 | 3.5 | 3.5 | 3 | Annual result [11] and interest paid |

**9** Write-downs of current and financial assets. — **10** In the case of partnerships and sole proprietorships, trade earnings tax only. — **11** Annual result 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 accrued 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), participations, 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 of large * enterprises in Germany **

| Item | All forms of business organisation | | | | | | | Non-corporations 1 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1994 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 1994 | 1996 | 1997 |
| I Balance sheet ratios | | | | | | | | | | % of balance sheet total (adjusted) |
| Assets | | | | | | | | | | |
| Tangible fixed assets 3 | 27.0 | 25.4 | 24.9 | 24.5 | 23.5 | 22.5 | 22 | 24.0 | 24.3 | 24.8 |
| Inventories 4 | 18.1 | 17.6 | 17.4 | 17 | 16 | 15.5 | 15.5 | 27.7 | 25.8 | 25.9 |
| Cash 5 | 5.2 | 5.5 | 5.1 | 4 | 3.5 | 3 | 3.5 | 6.2 | 6.2 | 5.9 |
| Debtors | 31.0 | 31.2 | 32.0 | 32.5 | 33.5 | 34 | 35.5 | 33.6 | 34.6 | 34.9 |
| Short-term | 28.7 | 28.8 | 29.6 | 30 | 31.5 | 32 | 32.5 | 31.5 | 32.7 | 33.2 |
| Long-term | 2.3 | 2.4 | 2.4 | 2 | 2 | 2 | 3 | 2.1 | 1.9 | 1.7 |
| Investments | 4.1 | 4.4 | 4.7 | 5 | 5 | 4.5 | 4 | 1.3 | 1.5 | 1.2 |
| Participating interests | 14.4 | 15.7 | 15.8 | 17 | 18 | 19.5 | 19.5 | 6.9 | 7.4 | 7.1 |
| Liabilities | | | | | | | | | | |
| Own funds (adjusted) 6 | 24.3 | 25.0 | 25.2 | 25.5 | 25.5 | 24.5 | 25 | 14.6 | 16.9 | 16.9 |
| Creditors | 45.5 | 45.0 | 45.4 | 46 | 46 | 47.5 | 47 | 67.1 | 64.1 | 64.8 |
| Short-term | 35.8 | 35.7 | 36.4 | 36 | 36.5 | 39 | 38 | 50.1 | 46.9 | 47.3 |
| Long-term | 9.7 | 9.3 | 9.0 | 9.5 | 9.5 | 8.5 | 9 | 17.0 | 17.2 | 17.5 |
| Provisions 6 | 29.6 | 29.5 | 28.8 | 28 | 27.5 | 27.5 | 28 | 18.0 | 18.7 | 17.9 |
| *of which* | | | | | | | | | | |
| Provisions for pensions | 12.0 | 12.2 | 12.0 | 12 | 12 | 12 | 12 | 7.0 | 7.9 | 7.9 |
| *Memo item:* Turnover | 155.8 | 158.3 | 163.0 | 159 | 154 | 158.5 | 158 | 234.3 | 240.9 | 238.2 |
| II Profit and loss account ratios | | | | | | | | | | % of total output |
| Turnover | 99.9 | 99.8 | 100.0 | 100 | 100 | 100 | 100 | 99.7 | 100.0 | 100.0 |
| Change in stocks of own products 7 | 0.1 | 0.2 | 0.0 | 0 | 0 | 0 | 0 | 0.3 | 0.0 | 0.0 |
| Total output | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Interest received | 0.9 | 0.7 | 0.7 | 0.5 | 0.5 | 1 | 1 | 0.5 | 0.4 | 0.3 |
| Other income | 5.1 | 5.1 | 5.1 | 6 | 6.5 | 6.5 | 6.5 | 3.6 | 3.4 | 3.4 |
| Total income | 106.0 | 105.9 | 105.8 | 106.5 | 107 | 107 | 107.5 | 104.0 | 103.8 | 103.7 |
| Cost of materials | 64.0 | 65.2 | 65.4 | 65.5 | 66 | 68 | 68.5 | 66.9 | 68.0 | 67.9 |
| Labour cost 8 | 17.0 | 16.2 | 15.4 | 15.5 | 15.5 | 14 | 14 | 15.4 | 15.1 | 14.8 |
| Depreciation of tangible fixed assets | 3.8 | 3.3 | 3.2 | 3 | 3 | 3 | 3 | 2.6 | 2.5 | 2.5 |
| Other depreciation 9 | 0.5 | 0.4 | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 | 0.3 |
| Interest paid | 1.1 | 0.9 | 0.8 | 1 | 1 | 1 | 1 | 1.1 | 0.9 | 0.8 |
| Taxes | 4.6 | 4.6 | 4.9 | 5 | 4.5 | 4.5 | 4.5 | 1.6 | 1.6 | 2.0 |
| on income and earnings 10 | 0.9 | 1.0 | 1.2 | 1.5 | 1.5 | 1.5 | 1 | 0.6 | 0.5 | 0.6 |
| Other cost | 13.6 | 13.8 | 13.7 | 14 | 14.5 | 14 | 14.5 | 13.3 | 13.1 | 12.8 |
| Total cost | 104.5 | 104.4 | 103.8 | 104.5 | 105 | 105 | 106 | 101.3 | 101.7 | 101.2 |
| Profit for the year | 1.6 | 1.5 | 2.0 | 2 | 2 | 2 | 1.5 | 2.8 | 2.1 | 2.5 |
| | | | | | | | | | | % of turnover |
| Annual result 11 | 1.8 | 1.7 | 2.3 | 2.5 | 2.5 | 2.5 | 2 | 2.9 | 2.2 | 2.6 |
| Annual result before taxes on income 12 | 2.7 | 2.7 | 3.5 | 4 | 3.5 | 3.5 | 3 | 3.4 | 2.7 | 3.2 |
| Internally generated funds 13 | . | . | 6.0 | 7 | 7 | 7 | 6.5 | . | . | 5.5 |
| III Other ratios | | | | | | | | | | % of turnover |
| Inventories | 11.6 | 11.1 | 10.7 | 10.5 | 10.5 | 10 | 9.5 | 11.8 | 10.7 | 10.9 |
| Short-term debtors | 18.4 | 18.2 | 18.2 | 19 | 20.5 | 20 | 20.5 | 13.4 | 13.6 | 13.9 |
| | | | | | | | | | | % of tangible fixed assets |
| Own funds (adjusted) | 90.1 | 98.5 | 101.4 | 105.5 | 109 | 108.5 | 112 | 60.9 | 69.4 | 68.4 |
| Long-term liabilities 14 | 174.2 | 186.9 | 189.7 | 197.5 | 205 | 203.5 | 209.5 | 165.2 | 175.2 | 173.6 |
| | | | | | | | | | | % of fixed assets 15 |
| Long-term liabilities 14 | 105.8 | 106.0 | 106.1 | 106 | 105.5 | 98.5 | 100 | 119.2 | 125.6 | 126.4 |
| | | | | | | | | | | % of short-term creditors |
| Liquidities 16 and short-term debtors | 104.1 | 104.9 | 104.1 | 103.5 | 104 | 96.5 | 100 | 77.2 | 85.4 | 84.2 |
| Liquidities, 16 short-term debtors and inventories | 154.7 | 154.3 | 151.8 | 150 | 148 | 137 | 140.5 | 132.5 | 140.3 | 139.0 |
| | | | | | | | | | | % of borrowed funds 17 less cash |
| Internally generated funds 13 | . | . | 14.2 | 15.5 | 15.5 | 15.5 | 14 | . | . | 17.2 |
| | | | | | | | | | | % of balance sheet total (adjusted) |
| Annual result 11 and interest paid | 4.5 | 4.1 | 5.1 | 5.5 | 5 | 5.5 | 5 | 9.3 | 7.5 | 8.3 |

* Enterprises with annual turnover of DM100 million (up to 1998) or €50 million (from 1999) or more. — ** Extrapolated figures for the manufacturing sector, trade and transportation based on data from the turnover tax statistics of the Federal Statistical Office. – From 1998: estimates, rounded to the nearest half or full percentage point. — **1** Partnerships (including limited partnerships in which private limited companies are partners as well as civil-law associations) and sole proprietorships. — **2** Including cooperative societies and foundations. — **3** Including intangible assets. — **4** Including contracts in progress. — **5** Currency and bank balances. — **6** Including pro rata share of special reserves. — **7** Including other capitalised production. — **8** Gross wages and salaries and employers' social contributions. —

Deutsche Bundesbank

| | | | Corporations 2 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1998 | 1999 | 2000 | 1994 | 1996 | 1997 | 1998 | 1999 | 2000 | Item |
| % of balance sheet total (adjusted) | | | | | | | | | I Balance sheet ratios |
| | | | | | | | | | Assets |
| 25 | 25 | 23 | 27.7 | 25.6 | 24.9 | 24.5 | 23 | 22.5 | Tangible fixed assets 3 |
| 25 | 24 | 24.5 | 15.8 | 15.7 | 15.3 | 14.5 | 14 | 13.5 | Inventories 4 |
| 5.5 | 5.5 | 5 | 5.0 | 5.3 | 4.9 | 4 | 3 | 2.5 | Cash 5 |
| 35.5 | 35.5 | 37 | 30.4 | 30.3 | 31.3 | 31.5 | 33 | 33.5 | Debtors |
| 33.5 | 33.5 | 35 | 28.0 | 27.9 | 28.8 | 29.5 | 31 | 31.5 | Short-term |
| 2 | 2 | 2 | 2.3 | 2.5 | 2.5 | 2.5 | 2 | 2.5 | Long-term |
| 1 | 1.5 | 1.5 | 4.8 | 5.1 | 5.5 | 6 | 5.5 | 5.5 | Investments |
| 8 | 8.5 | 9.5 | 16.1 | 17.7 | 17.8 | 19.5 | 20.5 | 22 | Participating interests |
| | | | | | | | | | Liabilities |
| 17 | 17 | 17.5 | 26.6 | 26.9 | 27.2 | 28 | 27.5 | 26 | Own funds (adjusted) 6 |
| 65 | 65 | 64 | 40.4 | 40.4 | 40.7 | 41 | 41.5 | 43.5 | Creditors |
| 47 | 46.5 | 48.5 | 32.4 | 33.0 | 33.8 | 33.5 | 34 | 36.5 | Short-term |
| 18 | 18 | 15.5 | 8.0 | 7.4 | 6.9 | 7.5 | 7.5 | 7 | Long-term |
| 17.5 | 18 | 18.5 | 32.3 | 32.0 | 31.4 | 30.5 | 30 | 29.5 | Provisions 6 |
| | | | | | | | | | *of which* |
| 7.5 | 8 | 8 | 13.2 | 13.3 | 13.0 | 13 | 13 | 13 | Provisions for pensions |
| 229.5 | 227 | 232 | 137.2 | 138.7 | 144.8 | 141.5 | 136 | 140.5 | *Memo item:* Turnover |
| % of total output | | | | | | | | | II Profit and loss account ratios |
| 99.5 | 100 | 100 | 100.0 | 99.7 | 100.0 | 100 | 100 | 100 | Turnover |
| 0.5 | 0 | 0 | 0.0 | 0.3 | 0.0 | 0 | 0 | 0 | Change in stocks of own products 7 |
| 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | Total output |
| 0.5 | 0.5 | 0.5 | 1.1 | 0.9 | 0.9 | 1 | 1 | 1 | Interest received |
| 4 | 3.5 | 3.5 | 5.8 | 5.8 | 5.7 | 6.5 | 7.5 | 7.5 | Other income |
| 104 | 104 | 104 | 106.9 | 106.7 | 106.6 | 107.5 | 108.5 | 108.5 | Total income |
| 67.5 | 68 | 69.5 | 62.9 | 64.1 | 64.4 | 64.5 | 65 | 67.5 | Cost of materials |
| 15 | 15 | 14.5 | 17.6 | 16.6 | 15.7 | 15.5 | 15.5 | 14 | Labour cost 8 |
| 2.5 | 2.5 | 2.5 | 4.2 | 3.6 | 3.4 | 3.5 | 3.5 | 3.5 | Depreciation of tangible fixed assets |
| 0.5 | 0 | 0.5 | 0.5 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | Other depreciation 9 |
| 1 | 1 | 1 | 1.1 | 0.9 | 0.8 | 1 | 1 | 1 | Interest paid |
| 2 | 2 | 2 | 5.8 | 5.8 | 6.0 | 6 | 6 | 5.5 | Taxes |
| 0.5 | 0.5 | 0.5 | 1.0 | 1.2 | 1.5 | 2 | 1.5 | 1.5 | on income and earnings 10 |
| 13 | 12.5 | 12 | 13.7 | 14.1 | 14.0 | 14.5 | 15.5 | 15 | Other cost |
| 101 | 101.5 | 101.5 | 105.8 | 105.5 | 104.8 | 105.5 | 106.5 | 107 | Total cost |
| 3 | 2.5 | 2.5 | 1.1 | 1.2 | 1.8 | 2 | 1.5 | 2 | Profit for the year |
| % of turnover | | | | | | | | | |
| 3 | 2.5 | 2.5 | 1.4 | 1.5 | 2.1 | 2 | 2 | 2.5 | Annual result 11 |
| 4 | 3.5 | 3.5 | 2.4 | 2.7 | 3.6 | 4 | 4 | 4 | Annual result before taxes on income 12 |
| 6.5 | 6 | 6 | . | . | 6.2 | 7 | 7.5 | 7.5 | Internally generated funds 13 |
| % of turnover | | | | | | | | | III Other ratios |
| 11 | 10.5 | 10.5 | 11.5 | 11.3 | 10.6 | 10.5 | 10.5 | 9.5 | Inventories |
| 14.5 | 14.5 | 15 | 20.4 | 20.1 | 19.9 | 20.5 | 22.5 | 22.5 | Short-term debtors |
| % of tangible fixed assets | | | | | | | | | |
| 69.5 | 68.5 | 76.5 | 96.0 | 105.1 | 109.4 | 114.5 | 120 | 116.5 | Own funds (adjusted) |
| 176 | 175 | 181.5 | 176.0 | 189.5 | 193.6 | 203 | 213 | 209 | Long-term liabilities 14 |
| % of fixed assets 15 | | | | | | | | | |
| 125.5 | 122 | 119.5 | 103.6 | 102.7 | 102.6 | 102.5 | 102 | 95 | Long-term liabilities 14 |
| % of short-term creditors | | | | | | | | | |
| 85 | 86 | 83.5 | 114.0 | 111.5 | 110.9 | 110 | 110.5 | 101 | Liquidities 16 and short-term debtors |
| 138.5 | 137.5 | 134 | 162.9 | 159.0 | 156.1 | 154 | 151.5 | 138 | Liquidities, 16 short-term debtors and inventories |
| % of borrowed funds 17 less cash | | | | | | | | | |
| 19 | 18 | 17.5 | . | . | 13.4 | 14.5 | 14.5 | 15 | Internally generated funds 13 |
| % of balance sheet total (adjusted) | | | | | | | | | |
| 9 | 8 | 8 | 3.3 | 3.3 | 4.3 | 4.5 | 4 | 5 | Annual result 11 and interest paid |

**9** Write-downs of current and financial assets. — **10** In the case of partnerships and sole proprietorships, trade earnings tax only. — **11** Annual result 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 accrued 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), participations, 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.