

Business Statistics Office

# Business Monitor

## Report on the Censuses of Production

### Organic chemicals

PA271.2

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PA271.1

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A publication of the Government Statistical Service



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# PA271.2

# Business Monitor

A publication of the Government Statistical Service

## Report on the Censuses of Production 1974 & 75

### Organic chemicals

Presented by the Secretary of State for Industry  
to Parliament in pursuance of the Statistics of Trade Act 1947  
(10 & 11 Geo.6 Cha.39 sec 7)

Department of Industry  
Business Statistics Office

London: Her Majesty's Stationery Office



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PA271.2 ORGANIC CHEMICALS

PA271.2 1

The information in this report relates to establishments classified to the General chemicals (organic) industry, minimum list heading 271.2 in the Standard Industrial Classification (revised 1968). The activities of the industry include:-

*Manufacturing separate chemically defined organic compounds (i.e. compounds containing carbon, but excluding condensates, polymers and copolymers, elemental carbon and certain simple carbon compounds such as calcium carbide, carbon disulphide and carbon dioxide). Products of tar distillation and benzole refining are included. Radio-active organic compounds and isotopes, mixtures of chemicals, and certain compounds used mainly for specific end-uses (such as simple phosphate or phthalate plasticiser chemicals), organic pharmaceutical chemicals and prepared products derived from organic chemicals such as dyestuffs, pesticides preparations and pharmaceutical preparations are all excluded.*

In interpreting the data in the tables it is essential to bear in mind the notes and definitions which commence on page (iii).

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TABLE 1

PA271.2 2

Output and costs, 1971-1975  
All United Kingdom establishments classified to the industry (a)

	Unit	1971	1972	1973	1974	1975
Enterprises	Number	92	86	81	87	88
Establishments	"	130	118	113	120	126
Sales of goods produced, work done and industrial services rendered (b)	£ thousand			724,085	1,344,486	1,398,096
Capital goods produced for establishments' own use (c)	"	533,688	596,258	7,340	21,460	14,052
Non-industrial services rendered (d)	"			11,417	(e)	18,067
Goods merchanted or factored	"	60,796	69,189	64,483	178,301	174,927
<b>Total sales and work done (b)(d)</b>	"	<b>594,484</b>	<b>665,447</b>	<b>807,325</b>	<b>1,544,246</b>	<b>1,605,142</b>
Increase during the year, work in progress and goods on hand for sale	"	5,971	-4,954	7,906	61,542	11,426
<b>Gross output (b)(d)</b>	"	<b>600,456</b>	<b>660,493</b>	<b>815,231</b>	<b>1,605,787</b>	<b>1,616,568</b>
Purchases of materials for use in production, and packaging and fuel (c)	"			458,631	1,036,254	1,013,630
Purchases of goods for merchenting or factoring (c)	"	383,959	386,963	59,162	134,820	153,289
Increase during the year, stocks of materials, stores and fuel	"	6,403	-1,753	15,835	33,256	4,182
Cost of industrial services received (f)	"	2,114	2,979	21,723	35,946	47,669
Excise payments, etc. (net)	"	18,938	21,365	20,549	(g)	(g)
<b>Net output</b>	"	<b>201,849</b>	<b>247,434</b>	<b>271,001</b>	<b>432,024</b>	<b>406,162</b>
Total employment (h)	Thousands	37.7	36.7	35.5	35.4	36.1
<b>Net output per head</b>	£	<b>5,354</b>	<b>6,742</b>	<b>7,629</b>	<b>12,196</b>	<b>11,251</b>
Payments for non-industrial services (j)						
Rents, hire of plant and machinery (k)	£ thousand			5,709	6,366	8,234
Commercial insurance premiums	"			3,771	5,780	7,207
Bank charges	"			57	87	212
Other non-industrial services	"			31,106	40,503	53,144
Licensing of motor vehicles (l)	"			167	144	195
Rates, excluding water rates (l)	"			5,989	7,963	10,149
<b>Gross value added at factor cost</b>	"			<b>224,203</b>	<b>371,182</b>	<b>327,021</b>
<b>Gross value added at factor cost per head</b>	£			<b>6,311</b>	<b>10,479</b>	<b>9,058</b>

- (a) For 1975, estimates for establishments employing less than 20 persons accounted for 1 per cent of the total employment of the industry. Estimates for unsatisfactory returns and non-response accounted for 4 per cent. For 1974, the comparable figures were 1 per cent and 3 per cent respectively.
- (b) The figures for 1971-1972 do not include receipts for repairs and maintenance.
- (c) Not recorded separately for 1971-1972.
- (d) The figures for 1971-1972 do not include revenue from rents for industrial buildings.
- (e) Included with capital goods produced for establishments' own use.
- (f) The figures for 1971-1972 exclude the amounts payable for repairs and maintenance.
- (g) Included with purchases of materials for use in production, and packaging and fuel.
- (h) Average number employed (full and part-time; see table 7) during the year (including working proprietors) by the establishment.
- (j) Not collected for 1971-1972 except for amounts payable to other organisations for transport of goods within the United Kingdom.
- (k) For 1973, the figures include hire of vehicles.
- (l) Not collected for 1971-1972.

TABLE 2

PA271.2 3

Capital expenditure, 1971-1975  
All United Kingdom establishments classified to the industry (a) (b)

	£ thousand				
	1971	1972	1973	1974	1975
Land and buildings					
New building work	9,407	3,817	3,474	4,687	5,721
Land and existing buildings					
Acquisitions	901	47	138	1,298	3,592
Disposals	998	449	469	1,424	468
Vehicles					
Acquisitions					
Motor cars (c)			342	344	
Other vehicles (c)	1,218	747	417	1,063	1,490
Disposals					
Motor cars (c)			94	88	
Other vehicles (c)	247	209	34	68	161
Plant and machinery					
Acquisitions	115,638	68,351	46,143	56,252	169,201
Disposals	411	279	384	1,492	2,074
<b>Total net capital expenditure (d)</b>	<b>125,508</b>	<b>72,025</b>	<b>49,533</b>	<b>60,571</b>	<b>177,300</b>

- (a) Including estimates for establishments not making satisfactory returns, non-response, and establishments exempted by virtue of size.
- (b) Capital expenditure in respect of manufacturing establishments where production had not commenced before the end of the year, is included.
- (c) Not recorded separately for 1971, 1972 and 1975.
- (d) New building work plus acquisitions less disposals of land and existing buildings, vehicles and plant and machinery.

TABLE 3

Stocks and work in progress, 1971-1975  
All United Kingdom establishments classified to the industry (a)

	£ thousand					
	1971	1972	1973	1974	1975	
	Increase					Value at end of year
Materials, stores and fuel	6,403	-1,753	15,835	33,256	4,182	88,854
Work in progress	2,690	-1,574	3,772	15,503	3,063	32,466
Goods on hand for sale	3,281	-3,381	4,134	46,039	8,363	102,370
<b>Total</b>	<b>12,374</b>	<b>-6,707</b>	<b>23,741</b>	<b>94,798</b>	<b>15,608</b>	<b>223,690</b>

- (a) Including estimates for establishments not making satisfactory returns, non-response, and establishments exempted by virtue of size.



TABLE 4

PA271.2 4

Analysis of establishments by size, 1975  
All United Kingdom establishments classified to the industry (a)

Size group (b)	Estab-lish-ments	Enter-prises (c)	Employment			Wages and salaries (e)			
			Total (b)	Opera-tives	Others (d)	Operatives		Others (d)	
						Total	per head	Total	per head
Number	Number	Number	Number	Number	Number	£ thousand	£	£ thousand	£
1 - 10	38	37	182	1,466	727	4,405	3,005	2,417	3,324
11 - 19	10	10	153						
20 - 49	15	15	472						
50 - 99	20	16	1,422						
100 - 299	25	21	4,655	3,120	1,533	8,343	2,674	5,530	3,607
300 - 399	4	4	1,427	914	513	3,024	3,309	2,029	3,955
400 - 749	6	5	3,301	2,146	1,155	7,110	3,313	4,241	3,672
750 and over	8	4	24,489	14,950	9,539	50,357	3,368	46,107	4,834
<b>Total</b>	<b>126</b>	<b>88</b>	<b>36,101</b>	<b>22,596</b>	<b>13,467</b>	<b>73,239(j)</b>	<b>3,241</b>	<b>60,323(j)</b>	<b>4,479</b>

- (a) Including estimates for establishments not making satisfactory returns, non-response, and establishments employing less than 20 persons.
- (b) Average number employed (full and part-time; see table 7) during the year (including working proprietors) by the establishment.
- (c) Some enterprises control establishments in more than one size group: the sum of the figures for the size groups therefore exceeds the total for the industry.
- (d) Administrative, technical and clerical employees.
- (e) Another important component of labour costs, employers' national insurance contributions, graduated pensions, contributions to other pensions and welfare schemes and the running costs of canteens, is estimated for the industry at £26,057 thousand. For 1974, the comparable figure was £16,755 thousand.

PA271.2 5

Total sales and work done (f)	Gross output	Net output		Gross value added at factor cost		Net capital expenditure (g)	Total stocks and work in progress at end of year
		Total	per head	Total	per head		
£ thousand	£ thousand	£ thousand	£	£ thousand	£	£ thousand	£ thousand
78,990	81,107	15,597	6,997	(h)	(h)	3,031	13,772
177,957	180,950	43,726	9,393	49,313(h)	7,163(h)	26,938	25,651
47,230	47,373	16,774	11,755	14,682	10,289	3,603	8,493
168,864	167,359	37,596	11,389	32,884	9,962	10,367	18,638
1,132,101	1,139,779	292,469	11,943	230,141	9,398	133,360	157,136
<b>1,605,142</b>	<b>1,616,568</b>	<b>406,162</b>	<b>11,251</b>	<b>327,021</b>	<b>9,058</b>	<b>177,300</b>	<b>223,690</b>

- (f) Comprises sales of goods produced (including capital goods manufactured, buildings constructed by establishments for their own use), work done, industrial and non-industrial services rendered, goods merchanted or factored.
- (g) New building work plus acquisitions less disposals of land and existing buildings, vehicles and plant and machinery.
- (h) Gross value added data relates to establishments employing 1-299 persons.
- (j) The estimates of total wages and salaries for the industry in 1974 were:-

	£'000
Operatives	58,809
Others	44,613



TABLE 5

PA271.2 6

Regional distribution of employment, net capital expenditure and net output, 1975  
All United Kingdom establishments classified to the industry

Area	Employment (a)		Net capital expenditure (b)(c)		Net output and employment in the region of establishments with more than 80 per cent of their employment in the region (d)	
	Thousands	per cent of United Kingdom	£ thousand	per cent of United Kingdom	Estimated net output £ thousand	Average number employed as a percentage of total average number employed in the industry in the region
Standard regions of England						
North	12.1	33.4	102,622	57.9	159,699	97.4
Yorkshire and Humberside	3.2	8.8	7,547	4.3	40,275	76.5
East Midlands	1.9	5.4	5,136	2.9	13,539	72.0
East Anglia	0.1	0.2	129	0.1	*	*
South East	1.8	5.0	3,331	1.9	15,321	70.7
South West	0.3	0.9	77	—	*	*
West Midlands	1.0	2.9	1,886	1.1	3,186	30.4
North West	8.5	23.6	22,522	12.7	74,887	91.1
England	28.9	80.1	143,249	80.8	309,140	87.4
Wales	*	*	*	*	*	*
Scotland	3.8	10.5	29,328	16.5	*	*
Great Britain	*	*	*	*	*	*
Northern Ireland	*	*	*	*	*	*
United Kingdom	36.1	100.0	177,300	100.0	406,162(e)	

(a) Average number employed (full and part-time; see table 7) during the year (including working proprietors).

(b) Including estimates for establishments not making satisfactory returns, non-response, and establishments employing less than 20 persons.

(c) New building work plus acquisitions less disposals of land and existing buildings, vehicles and plant and machinery.

(d) Where a census return covered addresses in two or more regions an estimate was made of the net output attributable to the region only where more than 80 per cent of the establishment's employees were located in the region. The estimate was made by assuming that net output at each address covered by a return was proportional to employment at the address. The establishment's residual net output was included in unallocated net output.

(e) Includes £34,829 thousand of unallocated net output of establishments covering addresses in two or more regions, plus estimates for unsatisfactory returns, non-response, and establishments employing less than 20 persons.

TABLE 6

PA271.2 7

Percentage analysis of twelve-month periods covered by returns received from United Kingdom establishments employing 20 or more persons, 1975

Accounting year ended	Percentage of total returns received		Percentage of total number employed	
	per cent		per cent	
1975	April (a)	0.0	0.0	
	May	0.0	0.0	
	June	4.4	1.0	
	July	0.0	0.0	
	August	1.5	0.1	
	September	2.9	1.3	
	October	0.0	0.0	
	November	1.5	1.1	
	December	67.6	87.9	
1976	January	0.0	0.0	
	February	0.0	0.0	
	March (b)	22.1	8.6	
		<b>100.0</b>	<b>100.0</b>	

(a) From 6th April.

(b) Including returns made for twelve-month period ended 1st to 5th April 1976.

TABLE 7

Percentage analysis of employees, by full and part-time employment and sex, 1975(a)  
General chemicals industries, minimum list heading 271

Sex	Full-time	Part-time	All employees
	per cent	per cent	per cent
Male	83	—	83
Female	13	4	17
	<b>96</b>	<b>4</b>	<b>100</b>

Source: Department of Employment

(a) The percentages relate to the numbers employed (excluding working proprietors) in the United Kingdom in minimum list heading 271 at June, 1975. In the 1975 Census of Production the employment of the Organic chemicals industry represented 33 per cent of the employment of minimum list heading 271 as a whole.



TABLE 8

PA271.2 8

Sales of principal products of the industry by establishments employing 25 or more persons, including sales by establishments classified to other industries, 1974-1975

Manufacturers' sales of the principal products of the Organic chemicals industry are published regularly in Business Monitor PQ271.2. Details of sales for 1974 will be found in the monitor for third quarter 1976 published January 1977 and for 1975 in the third quarter 1977, issue published January 1978.

Quarterly Business Monitors are available from HMSO by annual subscription.

TABLE 9

PA271.2 9

Purchases by establishments employing 100 or more persons, classified to the industry, 1974  
Analysis of returns received, United Kingdom

	Quantity	Value
		£ thousand
Materials for use in production		
Feedstock from petroleum (including gases but excluding pure hydrocarbons); bitumen	Th. tonnes 8,955	394,199
Coal carbonisation products, e.g. crude coal tar, crude benzole (exclude refined benzene), coke other than for use as fuel, ammoniacal liquor, etc.	..	12,944
Sulphuric, acetic and crude tar acids, ammonia, chlorine, sodium carbonate and hydroxide, and alcohols	{ 1,558 ..	53,136 11,354
Other inorganic and organic chemicals, (including gases), chemical mixtures and compounds for specific end uses e.g. calcium carbide, hydrocarbons, ketones, phenols, etc.	..	311,848
Stone, slate, chalk, clay, sand, gravel, lime, slate dusts and other mineral products not elsewhere specified	{ 131 ..	924 442
Synthetic rubber, resins and plastics materials (excluding leathercloth and reinforced plastics) e.g. rosins	..	7,909
Vegetable and animal (including marine animal) oils and fats	..	444
Lubricating oils and greases (i.e. mineral, animal and vegetable)	..	648
Cotton linters, wood pulp, molasses and other vegetable products not elsewhere specified	..	18,014
Water charges	..	3,063
Stationery	..	522
Packaging materials (including materials for the manufacture of the firms' own packaging)		
Paper and board		
Packing cases (e.g. for transit) wholly or mainly of fibreboard (including fitments)	..	233
Bags and multiwall paper sacks	..	902
Other packaging products of paper and board (e.g. cardboard boxes, moulded pulp products, labels, etc.)	..	229
Metal		
Cans and boxes of tinplate and aluminium	..	204
Barrels, kegs, vats, tanks and drums	..	5,903
All other packaging materials	..	2,088
Fuel and electricity		
Derv fuel and motor spirit	Th. gal 1,944	766
Fuel oil	{ 16,952 Th tons 1,456	2,413 40,719
Liquefied petroleum gases (e.g. propane, butane, etc.)	26.5	1,183
Gas	Th therms 164,504	4,689
Electricity	Th kWh 2,029,736	17,606
All other fuels	..	16,851
Replacement parts and consumable tools		
Tyres and other spare parts for the firms' own road vehicles	..	931
Replacement parts for the firms' own machinery, plant and equipment	..	11,498
Consumable tools (including gauges)	..	625
Other purchases	..	10,003
<b>TOTAL VALUE OF PURCHASES (other than for merchandising or factoring)</b>		<b>932,290</b>



TABLE 10

PA 271.2 10

Payments to other organisations for certain services received, 1974  
Returns received in respect of establishments with 300 or more employees

	£ thousand
<b>Industrial services received</b>	<b>33,214</b>
Repairs and maintenance to	
Buildings	803
Road goods vehicles	289
Plant and machinery	16,913
Work done on materials given out	6,746
Other	8,463
<b>Non-industrial services received</b>	<b>46,330</b>
Rent of buildings, hire of plant and machinery	5,289
Commercial insurance premiums	4,783
Bank charges	37
Postage, telephone, telegrams, cables and telex	1,034
Transport	
Road	14,018
Rail and other means (excluding postal services)	3,388
Other	17,781

The following table shows information received by the Department in respect of payments to other organisations for certain services received, 1974, by establishments with 300 or more employees.

INDUSTRIAL SERVICES RECEIVED

Repairs and maintenance to buildings, road goods vehicles, plant and machinery, work done on materials given out, and other industrial services received, 1974, by establishments with 300 or more employees.

NON-INDUSTRIAL SERVICES RECEIVED

Rent of buildings, hire of plant and machinery, commercial insurance premiums, bank charges, postage, telephone, telegrams, cables and telex, transport, and other non-industrial services received, 1974, by establishments with 300 or more employees.

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## Notes

These notes give the main information needed for interpreting the figures in the industry Business Monitors: more detailed information about the censuses is given in a separate Business Monitor—PA 1001 (Introductory Notes) of the Report on the Censuses of Production, 1974 and 1975.

## GENERAL INFORMATION

### *Changes made for 1974 and 1975*

The Censuses for 1974 and 1975 are in line with similar inquiries being conducted in other member countries of the European Economic Communities. From 1974, the Census has been extended to include the construction industry. For 1974, establishments with 300 or more employees were asked to provide additional information relating to industrial and non-industrial services. These include amounts paid:

- to other organisations for repairs and maintenance to buildings (including those in respect of rented buildings), road goods vehicles, plant, machinery and other capital equipment
- for postage, telephones, telegrams, cables and telex to other organisations for transport by road, rail or other means (excluding postal services)

In a separate inquiry for 1974, larger firms in each industry were also asked to provide a breakdown of the figure of total purchases (other than purchases of goods for merchanting or factoring). See paragraph on "Purchases".

*Suppression of information relating to individual undertakings.* The Statistics of Trade Act 1947 provides that—"No individual estimates or returns, and no information relating to an individual undertaking, obtained under the foregoing provisions of this Act, shall, without the previous consent in writing of the person carrying on the undertaking which is the subject of the estimates, returns or information, be disclosed except—

(a) in accordance with directions given by the Minister in charge of the government department in possession of the estimates, returns or information to a government department or to the Import Duties Advisory Committee for the purposes of the exercise by that department or committee of any of their functions; or

(b) for the purposes of any proceedings for an offence under this Act or any report of these proceedings."

If a figure involved disclosure the contributor concerned was sometimes asked to give permission for its publication. In the majority of cases this permission was given but when it was refused and in cases where the contributors were not approached the figure has been suppressed, sometimes by combining it in some way with other figures, but sometimes—as in the regional tables by omitting the figure altogether.

### *Symbols used*

The following symbols are used throughout the PA series of Business Monitors:

- .. not available
- nil or less than half the final digit shown
- \* figures cannot be shown owing to the risk of disclosing information about individual enterprises
- R revised

### *Rounding of figures*

Figures in the tables have, where necessary, been rounded to the nearest final digit. Where figures have been so rounded, the sum of the constituent items may not always agree exactly with the total shown.

### *Industrial classification*

The United Kingdom Standard Industrial Classification (SIC) was first issued in 1948 and was subsequently revised in 1958 and 1968. It exists to promote uniformity and comparability in the official statistics of the United Kingdom. The general principles followed are those of the International Standard Industrial Classification of all Economic Activities of the United Nations Statistical Office but the United Kingdom SIC reflects the organisation and structure of industry and trade as it exists in the United Kingdom. The SIC is a classification by activity and is not a commodity classification. However, an index of all commodity headings for which sales data are provided in the Quarterly Business Monitors, is published as PQ 1000 in the Business Monitor Series.

### *Statistical units*

The statistical unit for the purpose of the Censuses is the establishment which is defined in the SIC as the smallest unit which can provide the information normally required for an economic census, for example, employment, expenses, turnover, capital formation. Usually the principal activities carried on in an establishment fall within a single heading of the classification (e.g. steel making or sugar refining). Typically the establishment embraces all the activities carried on at a single address e.g. a farm, a mine, or a factory, including those which are ancillary to the principal activities. Frequently distinct activities characteristic of different industries are carried on at one address, but normally these are not classified separately and the whole establishment is classified according to the main activity. If, however, the required range of data can be provided for each activity, each is taken to constitute a separate establishment. Sometimes activities which are conducted as a single business are carried on at a number of addresses. Where this is so, businesses are asked to provide the full range of separate information in respect of each address, whether or not the activities are different. Their activities may, however, be integrated to such an extent that they constitute a single establishment. In that case the establishment is defined to cover the combined activities at these addresses (termed local units). Separate figures are obtained, however, of employment and net capital expenditure at each unit.

Efforts are made by the Business Statistics Office to ensure, by negotiating with respondents, that the return from an establishment does not cover local units or addresses in more than one of the countries of the United Kingdom.

Further information about the statistical unit appeared in an article "The statistical unit in business inquiries" in Statistical News No. 13 May 1971.

Establishments are asked to exclude from their returns particulars relating to any department not engaged in production e.g. merchanting, transport, warehousing, for which they keep a separate set of accounts. Transfers of goods produced to such departments are treated as sales and respondents are asked to value them as far as possible as if sold to an independent purchaser. Where separate accounts are not kept they are asked to include details of all these activities in their return.

Particulars relating to head offices, which were mainly engaged in the administration of the production units within the scope of the censuses were included. Where more than one return was made the information in respect of the head office was apportioned among them.

For certain purposes in the annual censuses of production (especially the enterprise analyses of Business Monitor PA 1002) related establishments are combined. For these purposes an enterprise group is defined as a business consisting of either a single establishment, or of two or more establishments under common ownership or control. The bringing together of establishments into enterprise groups is also necessary for the purpose of ensuring that there will be no disclosure of the activities of any one enterprise group. Information about the relationship of establishments, the changing structure of groups of companies and about common ownership links is obtained from many sources, including the Stock Exchange Year Book, company reports, press reports and information supplied by individual establishments.

## THE REGISTER

The register permits a questionnaire to be sent direct to the reporting establishment on which the latter can include information relating to all the manufacturing (or local) units which it comprises.

The inquiries provide a major source of information for keeping the register continuously up-to-date and act as a check on its detail and structure. For the establishments on the register which make returns to the quarterly inquiries, the industrial classification is derived from an analysis of their sales of commodities and is reviewed annually. Employment data is entered on the register from returns to the annual censuses of production. In cases where an establishment does not make a return to these inquiries the employment data is based on information provided by the Department of Employment from the annual censuses of employment.

Establishments with 20 or more employees are included in the censuses each year and the information they supply to the census is supplemented by the returns that those of them



with 25 or more employees provide to the quarterly inquiries. Information about establishments with less than 20 employees in most industries is less securely based, but increasing use has been made of data on these small establishments supplied by the Department of Employment. One benefit of using this information is an improvement in the estimates of the number of smaller establishments and enterprises, but there is little effect on other aggregates (e.g. employment, output, net capital expenditure).

#### Coverage

A return was required in the 1974 and 1975 Censuses from each establishment with 20 or more employees. Each establishment is classified to an industry, as defined in the SIC, whose principal products form the major part of the establishment's sales.

#### Regions

The regions defined in Table 5 take account of the boundary changes arising out of the Local Government Act 1972 and the Local Government Act (Scotland) 1973. These changes came into effect in April 1974 in England and Wales and May 1975 in Scotland.

#### TERMS USED IN THE CENSUS REPORT

##### Average number employed

Establishments were required to state the number of persons on the payroll on average during the year of return, whether full-time or part-time employees. Separate figures were required for:

- (a) administrative, technical and clerical employees
- (b) all other employees (operatives)

Averages could be calculated from the figures relating to the last week of each calendar month. Establishments were also required to state the number of working proprietors where appropriate and these are included in total employment figures. Outworkers (i.e. persons employed by establishments who worked in their own homes etc. on materials supplied by the establishment) are excluded. The figures include persons engaged on merchanting or factoring and canteen workers where particulars in respect of these activities could not be excluded from the return.

##### Working proprietors

These include all persons regarded as "self-employed" for national insurance purposes and members of their families who worked in the business without receiving a wage or salary; but such persons who worked less than half the normal number of working hours are excluded. Directors working in the business but not in receipt of a definite wage, salary or commission are included under this heading; directors paid by fee only are not included.

##### Employees

Administrative, technical and clerical employees include directors in receipt of a definite wage, salary or commission, managers, superintendents and works foremen; research, design employees (other than operatives); draughtsmen, editorial staff, advertising staff, travellers and all office employees.

Operatives include all other classes of employees, that is, broadly speaking, all manual wage earners. They include operatives employed in power stations, transport (including roundsmen), warehouses, stores, shops and canteens, inspectors, maintenance workers and cleaners. Operatives engaged in outside work of erecting, fitting etc. are also included, but outworkers are excluded.

##### Capital expenditure

Capital expenditure during the year in respect of manufacturing units where production had not started before the end of the year is included in the figures for 1971 to 1975. Establishments were asked not to deduct from the value of capital expenditure amounts received or expected to be received in grants or allowances from the Government or any statutory body or local authority. From 1973, establishments with 100 or more employees were asked to include a total net capital expenditure figure for each calendar year.

##### (a) New building work

This represents the cost incurred during the year of new building and other constructional work to be used in connection with the business covered by the return. The value is that charged to capital account during the year of return; it includes expenditure on new buildings and on the extension or reconstruction of old buildings, the value of works of a capital nature carried out by the establishment's own staff and the cost of any newly constructed buildings purchased. Figures shown include any legal charges, stamp duties, agents' commissions, etc.

##### (b) Land and existing buildings

The items shown are the capital cost of freeholds purchased and the capital cost or premium payable for leaseholds acquired (excluding the value of any assets acquired in taking over an existing business), and the amounts receivable for any freeholds or leaseholds disposed of. The value is that charged to capital account during the year of return.

##### (c) Plant, machinery and vehicles

The items shown are the value of plant and machinery and of vehicles acquired, both new and second-hand, and the amount received for items disposed of during the year. The value of plant and machinery acquired includes plant, etc., which firms produced for their own use in connection with the business covered by the return. The value of plant, etc., acquired is the expenditure charged to capital account during the year of return less any discounts received, but including the cost of transport and installation. Deductible value added tax is excluded but non-deductible value added tax on motor cars acquired is included. No deduction is made for depreciation, amortization or obsolescence. The proceeds of items disposed of during the year exclude amounts written-off for items scrapped.

##### Cost of industrial services

Includes amounts payable to other firms for work done on materials supplied by the establishment, payments for repairs and maintenance (including those in respect of rented buildings) and amounts paid to other firms for contracts which have been sublet. Payments to outworkers are excluded.

##### Cost of non-industrial services

Includes rent of industrial buildings and capital equipment, commercial insurance premiums, bank charges and amounts paid for professional services, postal etc., services, transport, advertising etc. Amounts payable on royalties for the right to use patents, trade-marks, copyrights etc., manufacturing and quarrying rights and technical "know-how" are also included.

##### Gross output

In the calculation of gross output the value of total sales and work done is increased by the rise (or reduced by the fall) during the year in the value of work in progress and goods on hand for sale.

##### Net output

Net output, a customary census measure, is calculated by deducting from gross output the cost of purchases (reduced by the rise, or increased by the fall, during the year of stocks of materials etc.) and the cost of industrial services received, and where applicable, duties etc.

##### Net output per head

The figures of net output per head are derived by dividing the net output by the average number of persons employed (full and part-time) on all activities covered by the returns, including operatives, administrative, technical and clerical employees and working proprietors, but excluding outworkers.

##### Gross value added at factor cost

Gross value added at factor cost is calculated by deducting from net output the cost of non-industrial services (e.g. rent of buildings and capital equipment, commercial insurance premiums, bank charges and amounts paid for professional services, post office services, transport and advertising), rates (excluding water rates) and the cost of licensing motor vehicles. This estimate of gross value added approaches more closely than census net output to the definition of net output or value added in national accounts statistics.

##### Gross value added at factor cost per head

The figures of gross value added at factor cost per head are derived by dividing the gross value added by the average number of persons employed (full and part-time) on all activities covered by the returns, including operatives, administrative, technical and clerical employees and working proprietors, but excluding outworkers.

##### Purchases

Purchases include the cost of raw materials, components, semi-manufactured goods and workshop materials; of replacement parts and consumable tools not charged to capital account; of packaging materials of all types; of stationery and printed matter; of fuel, electricity and water; of materials to be used by the establishment or given out to other establishments for the production of machinery or other capital items for the establishment's own use; of materials for use by the establishment when working on goods supplied by customers; and of food, etc. for any canteen covered by the establishment's return. Transfers of goods to the establishment from another department of the same firm not covered by the establishment's return are included at a cost corresponding to the estimated selling value recorded by the other department. Amounts payable to transport firms or credited to the firm's own transport department for delivery of materials are excluded, as are all purchases of machinery and plant charged to capital account. Purchases of goods for merchanting or factoring have been collected separately since 1973. The values shown exclude VAT. They include, in addition to the actual purchase price, the value of packaging material charged to the establishment. The value of returned goods or packaging material returned to suppliers and any trade discounts are excluded. Materials purchased duty-paid are included at their duty-paid value, less any drawback, rebate, etc. The cost of transport is included only if it is included with the purchase price in the firm's accounts. Imported goods are included at their full delivered cost. If in the firm's accounts the transport from docks or airport is not included in the cost of goods purchased, the cost is entered at c.i.f. plus duty (if applicable). Leasing, renting and hire purchase charges are excluded.

The information shown in Table 9 was obtained in an inquiry carried out as a supplement to the Census of Production for 1974, in which the larger firms in each industry were asked to provide a breakdown of the figure of total purchases (other than purchases of goods for merchanting or factoring) that they contributed to the Census. No establishment with fewer than 25 employees was asked to contribute to the inquiry; and this exemption limit was raised to exclude establishments with fewer than 50 or 100 employees, in those industries in which exempted establishments were estimated to account for less than 15 per cent of the industry's total purchases. A breakdown of purchases similar to that sought in the 1974 inquiry was previously obtained as part of the Censuses of Production for 1963 and 1968, and results were published in Table 10 of the Industry Reports of those Censuses.

##### Sales of goods produced, work done and industrial services rendered

Sales for the purposes of the annual censuses means deliveries on sale of goods made by establishments in the United Kingdom covered by the inquiry. Sales of goods made for these establishments by outworkers or by other establishments from materials given out to them are included; as also are sales of waste products. Any new building work and machinery or other capital items produced by establishments for hiring out or leasing are regarded as sales, the value included in the return being that adopted in the establishment's capital asset accounts. Forward sales and canteen takings are excluded. All sales in the period of the inquiry are included irrespective of when the goods were manufactured. Goods produced in one establishment and transferred either to ancillary departments not engaged in production and for which there are separate accounts, or to another establishment of the same firm not covered by the return, are treated as sales by the producing establishment and valued as far as possible as if they had been sold to an independent purchaser. Goods transferred to wholesale or retail selling organisations, for which separate accounts are kept are valued on the same basis.

The value shown for sales is the "net selling value" defined as the amount (excluding value added tax) charged to customers whether on an ex-works or delivered basis, after

any trade discounts and agents' commissions have been deducted. The cost of packing materials less allowance for returnable cases is included. In industries where products attract Excise Duty the value stated is usually inclusive of duty if sold duty-paid and exclusive of duty if sold in bond or exported.

Figures for work done represent the amount charged for work carried out on materials supplied by a customer and include repair work. Within certain industries this heading covers a wide variety of activities. For example, within the food sector—butter packed on commission; within the textile industries—making up of garments, fur dressing and textile finishing; within printing and publishing—preparatory work on type-setting, block making and binding. Work done is also significant in the electrical machinery and heavy engineering industries, covering erection, installation and repair and jobbing work. Other activities within this heading include exploration work, research and development, glass cutting and dressing and planing of timber. Industrial services rendered includes repairs and maintenance, installation work, and technical research and studies rendered to other organisations.

##### Capital goods produced for establishments' own use

This includes all work carried out during the year by the establishments' own staff for their own use, which was of a capital nature.

##### Non-industrial services rendered

Includes rents received for commercial and industrial buildings, amounts charged for hiring out plant, machinery and other goods and amounts charged to other organisations for the provision of transport. Also includes amounts received for the right to use patents, trademarks, copyrights etc., manufacturing and quarrying rights and technical "know-how"; revenue from such staff facilities as canteens is also included.

##### Goods merchant or factored

Merchant goods are those (excluding canteen sales) sold without having been subjected to any manufacturing process by the seller.

##### Stocks and work in progress

Values are given of stocks of goods on hand for sale and of materials, stores and fuel, at the end of the year of return and of the change during the year, including any stocks of goods held for merchanting or factoring. Work in progress is defined as materials which have been partially processed by the establishment but which are not usually sold or transferred to another establishment without further processing. The values include the cost of materials consumed and labour used, together with a margin of overhead costs and profits. Progress payments made to sub-contractors are excluded and progress payments received from other organisations are not deducted.

##### Wages and salaries

These are amounts paid during the year to operatives and to administrative, technical and clerical employees. Payments to working proprietors, whether called salaries or not, are excluded. The values shown include all overtime payments, bonuses and commissions, whether paid regularly or not, and no deduction is made for income tax, insurances, contributory pensions etc. The value of redundancy payments less any amounts reimbursed from Government sources is included. The value of any payments in kind, travelling expenses etc. is excluded.

##### Remuneration paid to outworkers

The remuneration paid to outworkers (i.e. persons employed by the establishment who do their work in their own homes) is generally on a piece-work basis. Only amounts paid to outworkers whose names appear on the establishment's payroll are included. Amounts paid to outworkers by sub-contractors are excluded.

##### Employers' insurance and welfare contributions

This item includes employers' contributions to national insurance and graduated pensions (and/or earnings related basic contributions under the Social Security Act, 1973) as well as commercial insurance premiums to provide pensions, superannuation or other retirement benefits, sickness benefits, personal accident benefits, disability or death benefits for employees or former employees or their dependants. Contributions to the running costs of canteens, social centres, children's holiday homes, etc. for employees, former employees and their dependants are also included.



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