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UK family businesses: industrial and geographical context, governance and performance

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UK FAMILY BUSINESSES:

INDUSTRIAL AND GEOGRAPHICAL CONTEXT, GOVERNANCE AND PERFORMANCE

November 2010

A report prepared for

The IFB Research Foundation

by

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and

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ABSTRACT

This report investigates family businesses in the UK and focuses on their incidence, industrial and geographical context and their governance and performance relative to non-family businesses. The sample includes near population UK data for the period 2007 to 2009 of privately held incorporated firms (excluding listed/quoted firms) and analyses around 3 million firm-year observations. The report compares and contrasts family businesses with non-family businesses with reference to governance and performance during the current recession. Family businesses that are structured with 'family trusts/settlements' are considered as an important sub-sample of family businesses in the report. The analysis highlights important differences between family and non-family firms across a number of dimensions of governance and firm performance.

EXECUTIVE SUMMARY

Sample

- This report investigates family businesses in the UK for the period 2007 to 2009 and looks at their industrial and geographical context, governance and performance relative to non-family businesses. The analysis sample includes near UK population data with over 3 million firm-year observations. SMALL, MEDIUM and LARGE sized firms are identified consistent with the "Companies Act 2006" definitions and further analysis is conducted accordingly for each firm size group.
- The report reveals that family businesses form around 28% of businesses in the UK among privately held incorporations although the percentage of family firms decreases by firm size. However, despite the relatively lower intensity of family firms among large firms, the percentage of family firms with family trusts/settlements increases as the firm size increases.

Age, Industry and Region

- Larger firms are found to be older in general. Regarding the family businesses, although small and medium sized family firms are found to be slightly older than non-family firms, the difference disappears in the large firm category given that large firms already tend to be older. When family trust firms are considered, however, they tend to be much older even in the large firm category.
- The report shows that family businesses tend to operate more in agriculture and fishing, manufacture of food products, beverages, textiles, leather, wood products and metal products, retail trade and sale, maintenance and repair of motor vehicles and motorcycles. A greater percentage of family firms with family trust/settlements are particularly apparent in agriculture and fishing and real estate activities. The lowest incidences of family businesses are seen in electricity, gas, steam and hot water supply, transport, post and telecommunications, financial intermediation and education.
- Family businesses are distributed evenly among the UK regions (around 30%) with the exception of London where the percentage of family businesses is as low as around 20%. However, Yorkshire and Scotland have lower incidences of family

firms compared to the other regions in the UK among LARGE sized firms. The percentage of family trust firms, on the other hand, is the highest in London where North East and North West have the lowest incidences of family trust firms.

Governance

- Out of around 300,000 family firms as of the start of year 2009, around 52,000 firms had non-family directors on board accounting for around 17% of all family firms in the sample.
- Family firms tend to have older directors than non-family firms. Average age of directors increases for non-family firms as the firm size increases. However, average age is rather stable for family firms regardless of firm size.
- Directors of family trust firms tend to be more experienced as a director (also within the particular industry of the firm) than directors of family non-trust firms, which in turn are more experienced than non-family firm directors. However, as firm size grows, the difference in experience between directors of family firms and those of non-family firms disappear although directors of family trust firms always appear to be more experienced as a director.
- Owner-management degree, in general, decreases as firm size increases. Although family firms consistently have a greater owner-managed percentage than non-family firms do, the difference is much greater among large sized firms.
- Incidence of female directors decreases as firm size increases. Family firms tend to have a greater percentage of female directors than family trust firms and non-family firms.
- Smaller firm directors, in general, appear to reside closer to the registered addresses of the businesses than larger firm directors do. Family firm directors tend to reside closer to firms regardless of firm size.
- Non-family firms appear to have a higher level of multiple directorships of their directors with other firms than family firms do. The figures are consistent for different firm size groups and for the level of multiple directorships within the same industry.
- The extent of recent director turnover increases by firm size among family firms but especially among non-family firms. Family trust firms have a director turnover degree higher than family firms but lower than non-family firms regardless of the firm size.

Performance

- Corporate insolvency rates in the sample increase during 2009, consistent with the expectation due to the recession. Large sized firms appear to have higher insolvency rates (3.54% in 2009) than small sized firms (1.56% in 2009) where medium sized firms have the lowest figures (0.90% in 2009). Family firms consistently have lower insolvency rates than non-family firms regardless of the firm size.
- In general, non-insolvency related dissolution rate is also higher during 2009 compared to the earlier years. Large sized firms, however, have the lowest dissolution rate as opposed to having the highest insolvency rate. Family firms have lower dissolution rates than non-family firms among small and medium sized firms. But, the dissolution rates are similar between family and non-family firms among large sized firms.
- It appears that large sized firms tend to exit through insolvencies rather than non-insolvency related dissolutions. Small and medium sized firms, on the other hand, mostly exit through non-insolvency related closures. Family firms, in general, have lower rates in both exit categories, insolvency and dissolution, than non-family firms.

Financial Indicators

- Small sized firms tend to have lower current ratio figures, higher net cash to net worth ratios, lower inventory relative to assets and greater use of trade credit. Medium sized firms appear to have the lowest figures for inventory and trade credit related indicators suggesting a trade credit flow especially between small and large firms. Family trust firms appear to use trade credit the least among small and medium sized firms whereas family firms with no trust use trade credit the most especially among large firms.
- Family firms appear to have lower net worth figures in general. But, they o have greater change in net worth and retained profits to total assets indicators. The figures may suggest more profit sharing among shareholders for non-family firms rather than retaining profits for further investment.
- Family firms have higher figures for return on assets and profit margin in general.
- Figures suggest that family firms are less leveraged than non-family firms. However, non-family firms have greater interest coverage ratios than family firms. It appears

that although non-family large firms are higher leveraged, they may also be making enough profits to cover their interest payments.

Turnover and Number of Employees

- Average turnover and growth in turnover are lower for family firms among large-sized firms. However, average turnover of family firms is greater among medium-sized firms and growth in turnover is only slightly lower than for non-family firms.
- Average number of employees and average growth in the number of employees are found to be lower for family firms (growth in employee numbers is only slightly lower).

Employee Wages and Directors Emoluments

- It appears that family businesses pay less to employees but slightly more to directors. Average dividends payable figure, on the other hand, is significantly lower for family businesses consistent with the greater values found for family businesses regarding retained earnings.

1. ANALYSIS SAMPLE AND FIRM SIZE

Analysis is carried out for the period 2007 to 2009 using data compiled to "Companies House" in the UK. Separate samples are generated for each of the analysis years (2007, 2008, and 2009) under examination. Samples include UK privately held incorporated firms (excluding listed/quoted firms) that filed at least one set of annual accounts until the start date of each analysis year (e.g. 01/01/2007). Group holding firms are removed from the samples to avoid double counting of accounts. In other words, consolidated accounts are removed from the samples. Such holding firms are subject to further investigation. "Companies Act 2006" definitions (accounting requirements) are used to detect the firm size; SMALL, MEDIUM, or LARGE[1]. All further analyses are then carried out for each firm size category separately. Table-1 provides the sample distribution for each analysis year and firm size category. For instance, it appears that there were 826,280 SMALL sized (76.7%), 199,339 MEDIUM sized (18.5%) and 51,713 LARGE sized firms (4.8%) out of 1,077,332 sample firms in total in 2009. Out of 826,280 SMALL sized firms in the sample of 2009, around 17% of firms were low asset businesses, i.e. less than £8,000 total assets. As of the start of 2009, average TOTAL ASSETS figures for SMALL, MEDIUM and LARGE sized firms were around £0.5 million, £12 million, and £85 million, respectively.

TABLE 1: SAMPLE SIZE

Number of Firms in the sample

	SMALL	MEDIUM	LARGE	TOTAL
2007-	631,239	218,310	49,937	899,486
2008-	752,677	216,063	54,800	1,023,540
2009-	826,280	199,339	51,713	1,077,332

Source: NUBS/CMRC

2. FAMILY FIRM DEFINITION

Family firms are identified through the analysis of shareholding (ownership structure) and directorship information of incorporated firms in the UK as filed to “Companies House”. A firm is considered as a family business if the family has more than 50% of the total shares of the firm and at least one family shareholder is also a director of the firm. As of the start of year 2009, our sample estimates around 28% family firms among the UK incorporated businesses (out of around one million firms with at least one set of annual accounts filed by then). Table-2 reveals that the percentage of non-family firms increases by firm size. For instance, for analysis year 2009, there were around 70% non-family firms in the small firm category as opposed around 78% and around 85% in the medium and large firm categories, respectively.

TABLE 2: SAMPLE SIZE

	SMALL					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)
2007	187,186	29.65	444,053	70.35	631,239	100.00
2008	225,792	30.00	526,885	70.00	752,677	100.00
2009	252,842	30.60	573,438	69.40	826,280	100.00
	MEDIUM					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)
2007	48,561	22.24	169,749	77.76	218,310	100.00
2008	48,569	22.48	167,494	77.52	216,063	100.00
2009	44,616	22.38	154,723	77.62	199,339	100.00
	LARGE					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)
2007	7,997	16.01	41,940	83.99	49,937	100.00
2008	8,532	15.57	46,268	84.43	54,800	100.00
2009	7,646	14.79	44,067	85.21	51,713	100.00

Source: NUBS/CMRC

3. FIRM AGE DISTRIBUTION

Firm age is detected through the incorporation dates of firms. The time difference (in years) is calculated between the start date of an analysis year and the incorporation date of a firm. Table-3 displays average firm age in years for each firm category. It appears that larger firms are older in general. For instance, average firm age was around 17 years among large firms in the 2009 sample. However, small and medium sized firms averaged only at around 10 years in 2009. Regarding the family businesses, although small sized family firms tend to be slightly older than small sized non-family firms, the difference disappears in the medium sized firm category. In the large sized firm category, family firms appear to be even slightly younger than non-family firms.

TABLE 3: AVERAGE FIRM AGE (YEARS)

	SMALL					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)
2007	187,186	10.20	444,053	8.48	631,239	8.99
2008	225,792	10.90	526,885	9.23	752,677	9.73
2009	252,842	10.78	573,438	9.33	826,280	9.77
	MEDIUM					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)
2007	48,561	9.42	169,749	8.88	218,310	9.00
2008	48,569	10.04	167,494	10.01	216,063	10.01
2009	44,616	10.12	154,723	10.24	199,339	10.21
	LARGE					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)
2007	7,997	14.63	41,940	15.28	49,937	15.18
2008	8,532	15.45	46,268	16.39	54,800	16.25
2009	7,646	16.19	44,067	17.05	51,713	16.92

Source: NUBS/CMRC

4. INDUSTRIAL DISTRIBUTION

Firm sector is identified by using "Annual Return" documents. Incorporations are required to report which sector(s) they operate in their annual return documents. The UK Standard Industrial Classification of Economic Activities (UK SIC(92))[2] is used to classify businesses and firms' primary sector is employed to detect their main industries. Although main sections of SIC92 cover 17 broad industries, the present analysis employs all subsections (60 in total) that are denoted by the first two digits of the 5-digit very detailed SIC92 classifications.

Table-4 displays sector distribution for year 2009 in each firm category by using the first two digits of SIC92 classifications. The table reveals that family businesses tend to be seen more in AGRICULTURE AND FISHING with around 44% of the total firms in that industry (SIC92 code = 01, 02, 05), EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS; SERVICE ACTIVITIES INCIDENTAL TO OIL AND GAS EXTRACTION with around 38% of the total firms in that industry (SIC92 code = 11), MANUFACTURE OF FOOD PRODUCTS, BEVERAGES with around 35% of the total firms in that industry (SIC92 code = 15), MANUFACTURE OF TEXTILES with around 34% of the total firms in that industry (SIC92 code = 17), MANUFACTURE OF LEATHER AND LEATHER PRODUCTS with around 34% of the total firms in that industry (SIC92 code = 19), MANUFACTURE OF WOOD AND WOOD PRODUCTS with around 34% of the total firms in that industry (SIC92 code = 20), MANUFACTURE OF BASIC METALS with around 33% of the total firms in that industry (SIC92 code = 27), MANUFACTURE OF FABRICATED METAL PRODUCTS with around 34% of the total firms in that industry (SIC92 code = 28), CONSTRUCTION with around 34% of the total firms in that industry (SIC92 code = 45), SALE, MAINTENANCE AND REPAIR OF MOTOR VEHICLES AND MOTORCYCLES with around 36% of the total firms in that industry (SIC92 code = 50), and RETAIL TRADE with around 35% of the total firms in that industry (SIC92 code = 52).

The lowest incidences of family businesses are seen in ELECTRICITY, GAS, STEAM AND HOT WATER SUPPLY with around 21% of the total firms in that

industry (SIC92 code = 40), WATER TRANSPORT with around 20% of the total firms in that industry (SIC92 code = 61), AIR TRANSPORT with around 22% of the total firms in that industry (SIC92 code = 62), POST AND TELECOMMUNICATIONS with around 24% of the total firms in that industry (SIC92 code = 64), FINANCIAL INTERMEDIATION with around 22% of the total firms in that industry (SIC92 code = 65), INSURANCE AND PENSION FUNDING with around 24% of the total firms in that industry (SIC92 code = 66), ACTIVITIES AUXILIARY TO FINANCIAL INTERMEDIATION with around 15% of the total firms in that industry (SIC92 code = 67), RESEARCH AND DEVELOPMENT with around 24% of the total firms in that industry (SIC92 code = 73), EDUCATION with around 24% of the total firms in that industry (SIC92 code = 80), ACTIVITIES OF MEMBERSHIP ORGANISATIONS with around 4% of the total firms in that industry (SIC92 code = 91) and RECREATIONAL, CULTURAL AND SPORTING ACTIVITIES with around 20% of the total firms in that industry (SIC92 code = 92).

Out of around 300,000 family firms detected as of the start of year 2009, around 40,000 firms primarily operated in construction industry accounting for around 13% of all family firms in our sample. Other industries with high numbers of family firms are WHOLESALE (around 5%), RETAIL (around 7%), REAL ESTATE ACTIVITIES (around 8%) and COMPUTER AND RELATED ACTIVITIES (around 7%). Such sectors also have higher stocks of firms in general.

Table-5, Table-6, and Table-7 specifically display the sector distribution among SMALL, MEDIUM and LARGE sized firms, respectively, for each firm category in year 2009. Separate tables for different firm size groups provide similar results as to the industrial distribution of different firm categories. One exception can be stated that in addition to the other previously mentioned sectors, family businesses among LARGE firms also tend to be seen more in LAND TRANSPORT with around 24% of the total firms in that industry (SIC92 code = 60) where average percentage of family firms among LARGE firms in the sample is around 15%.

TABLE 4: INDUSTRIAL DISTRIBUTION – 2009

SIC92 2 digit	Family Firms No.of Firms	Perc. %	Non-family Firms No.of Firms	Perc. %	TOTAL No.of Firms	Perc. %
01	5,088	43.73	6,548	56.27	11,636	100.00
02	313	32.37	654	67.63	967	100.00
05	493	40.34	729	59.66	1,222	100.00
10	15	27.27	40	72.73	55	100.00
11	760	37.92	1,244	62.08	2,004	100.00
12	0	0.00	1	100.00	1	100.00
13	2	11.11	16	88.89	18	100.00
14	154	29.11	375	70.89	529	100.00
15	1,254	35.06	2,323	64.94	3,577	100.00
16	2	33.33	4	66.67	6	100.00
17	687	34.32	1,315	65.68	2,002	100.00
18	492	30.87	1,102	69.13	1,594	100.00
19	125	33.51	248	66.49	373	100.00
20	1,270	34.13	2,451	65.87	3,721	100.00
21	315	29.72	745	70.28	1,060	100.00
22	3,492	26.89	9,493	73.11	12,985	100.00
23	35	31.25	77	68.75	112	100.00
24	437	24.82	1,324	75.18	1,761	100.00
25	861	30.13	1,997	69.87	2,858	100.00
26	564	31.72	1,214	68.28	1,778	100.00
27	453	33.33	906	66.67	1,359	100.00
28	4,919	34.31	9,417	65.69	14,336	100.00
29	1,342	30.44	3,066	69.56	4,408	100.00
30	206	27.43	545	72.57	751	100.00
31	839	29.14	2,040	70.86	2,879	100.00
32	327	26.63	901	73.37	1,228	100.00
33	564	26.55	1,560	73.45	2,124	100.00
34	258	27.62	676	72.38	934	100.00
35	510	29.72	1,206	70.28	1,716	100.00
36	2,872	31.98	6,109	68.02	8,981	100.00
37	479	31.60	1,037	68.40	1,516	100.00
40	201	20.57	776	79.43	977	100.00
41	72	29.15	175	70.85	247	100.00
45	41,510	33.83	81,198	66.17	122,708	100.00
50	8,154	35.77	14,641	64.23	22,795	100.00
51	14,301	32.45	29,769	67.55	44,070	100.00
52	21,146	35.05	39,177	64.95	60,323	100.00
55	9,737	30.11	22,605	69.89	32,342	100.00

Source: NUBS/CMRC

TABLE 4: INDUSTRIAL DISTRIBUTION -2009 – contd.

SIC92 2 digit	Family Firms No.of Firms	Family Firms Perc. %	Non-family Firms No.of Firms	Non-family Firms Perc. %	TOTAL No.of Firms	TOTAL Perc. %
60	5,369	29.44	12,867	70.56	18,236	100.00
61	195	19.70	795	80.30	990	100.00
62	227	21.60	824	78.40	1,051	100.00
63	2,524	26.07	7,156	73.93	9,680	100.00
64	1,625	24.02	5,141	75.98	6,766	100.00
65	3,191	21.65	11,548	78.35	14,739	100.00
66	1,172	23.90	3,731	76.10	4,903	100.00
67	648	14.72	3,754	85.28	4,402	100.00
70	25,074	26.01	71,319	73.99	96,393	100.00
71	1,457	29.62	3,462	70.38	4,919	100.00
72	22,254	26.74	60,985	73.26	83,239	100.00
73	786	23.71	2,529	76.29	3,315	100.00
74	88,877	27.74	231,501	72.26	320,378	100.00
75	389	28.54	974	71.46	1,363	100.00
80	2,345	24.10	7,384	75.90	9,729	100.00
85	5,290	27.18	14,171	72.82	19,461	100.00
90	242	28.14	618	71.86	860	100.00
91	1,156	3.59	31,073	96.41	32,229	100.00
92	6,421	20.17	25,413	79.83	31,834	100.00
93	11,269	28.38	28,435	71.62	39,704	100.00
95	326	29.32	786	70.68	1,112	100.00
99	18	23.68	58	76.32	76	100.00
TOTAL	**305,104**	**28.32**	**772,228**	**71.68**	**1,077,332**	**100.00**

Source: NUBS/CMRC

TABLE 5: INDUSTRIAL DISTRIBUTION AMONG SMALL FIRMS- 2009

SIC92 2 digit	Family Firms No.of Firms	Perc. %	Non-family Firms No.of Firms	Perc. %	TOTAL No.of Firms	Perc. %
01	4,468	46.25	5,192	53.75	9,660	100.00
02	255	33.38	509	66.62	764	100.00
05	466	42.75	624	57.25	1,090	100.00
10	11	34.38	21	65.63	32	100.00
11	562	40.34	831	59.66	1,393	100.00
12	0	0.00	1	100.00	1	100.00
13	2	25.00	6	75.00	8	100.00
14	136	33.92	265	66.08	401	100.00
15	1,082	38.96	1,695	61.04	2,777	100.00
16	2	33.33	4	66.67	6	100.00
17	626	36.89	1,071	63.11	1,697	100.00
18	412	32.09	872	67.91	1,284	100.00
19	100	34.72	188	65.28	288	100.00
20	1,115	35.59	2,018	64.41	3,133	100.00
21	273	32.16	576	67.84	849	100.00
22	2,856	28.69	7,098	71.31	9,954	100.00
23	24	31.17	53	68.83	77	100.00
24	371	28.92	912	71.08	1,283	100.00
25	751	32.77	1,541	67.23	2,292	100.00
26	481	33.31	963	66.69	1,444	100.00
27	401	35.21	738	64.79	1,139	100.00
28	4,340	35.43	7,911	64.57	12,251	100.00
29	1,172	33.29	2,349	66.71	3,521	100.00
30	169	30.18	391	69.82	560	100.00
31	720	30.87	1,612	69.13	2,332	100.00
32	277	29.31	668	70.69	945	100.00
33	488	30.77	1,098	69.23	1,586	100.00
34	216	31.08	479	68.92	695	100.00
35	432	32.70	889	67.30	1,321	100.00
36	2,568	33.08	5,194	66.92	7,762	100.00
37	420	33.63	829	66.37	1,249	100.00
40	168	28.87	414	71.13	582	100.00
41	64	35.75	115	64.25	179	100.00
45	34,851	34.74	65,465	65.26	100,316	100.00
50	6,986	37.41	11,689	62.59	18,675	100.00
51	11,884	34.82	22,246	65.18	34,130	100.00
52	17,901	36.31	31,397	63.69	49,298	100.00
55	8,095	32.43	16,868	67.57	24,963	100.00

Source: NUBS/CMRC

TABLE 5: INDUSTRIAL DISTRIBUTION AMONG SMALL FIRMS- 2009 – contd.

SIC92 2 digit	Family Firms No.of Firms	Perc. %	Non-family Firms No.of Firms	Perc. %	TOTAL No.of Firms	Perc. %
60	4,563	30.17	10,563	69.83	15,126	100.00
61	165	22.18	579	77.82	744	100.00
62	176	22.77	597	77.23	773	100.00
63	1,941	27.70	5,067	72.30	7,008	100.00
64	1,292	25.59	3,757	74.41	5,049	100.00
65	2,557	27.23	6,833	72.77	9,390	100.00
66	933	29.02	2,282	70.98	3,215	100.00
67	417	28.48	1,047	71.52	1,464	100.00
70	20,073	29.79	47,303	70.21	67,376	100.00
71	1,243	33.29	2,491	66.71	3,734	100.00
72	17,218	27.09	46,330	72.91	63,548	100.00
73	632	26.33	1,768	73.67	2,400	100.00
74	73,794	29.47	176,638	70.53	250,432	100.00
75	306	29.59	728	70.41	1,034	100.00
80	1,895	25.85	5,437	74.15	7,332	100.00
85	4,461	29.46	10,682	70.54	15,143	100.00
90	186	35.16	343	64.84	529	100.00
91	861	5.68	14,305	94.32	15,166	100.00
92	5,186	22.10	18,284	77.90	23,470	100.00
93	9,527	29.30	22,990	70.70	32,517	100.00
95	254	30.57	577	69.43	831	100.00
99	17	27.42	45	72.58	62	100.00
TOTAL	**252,842**	**30.60**	**573,438**	**69.40**	**826,280**	**100.00**

Source: NUBS/CMRC

TABLE 6: INDUSTRIAL DISTRIBUTION AMONG MEDIUM FIRMS- 2009

SIC92 2 digit	Family Firms No.of Firms	Family Firms Perc. %	Non-family Firms No.of Firms	Non-family Firms Perc. %	TOTAL No.of Firms	TOTAL Perc. %
01	497	32.29	1,042	67.71	1,539	100.00
02	54	30.00	126	70.00	180	100.00
05	26	25.74	75	74.26	101	100.00
10	4	40.00	6	60.00	10	100.00
11	196	38.21	317	61.79	513	100.00
12	0	0.00	0	0.00	0	0.00
13	0	0.00	9	100.00	9	100.00
14	15	22.06	53	77.94	68	100.00
15	105	29.83	247	70.17	352	100.00
16	0	0.00	0	0.00	0	0.00
17	42	23.33	138	76.67	180	100.00
18	55	26.96	149	73.04	204	100.00
19	16	32.00	34	68.00	50	100.00
20	126	31.98	268	68.02	394	100.00
21	27	30.68	61	69.32	88	100.00
22	513	25.12	1,529	74.88	2,042	100.00
23	10	47.62	11	52.38	21	100.00
24	42	21.65	152	78.35	194	100.00
25	57	27.67	149	72.33	206	100.00
26	56	30.43	128	69.57	184	100.00
27	39	36.79	67	63.21	106	100.00
28	428	33.49	850	66.51	1,278	100.00
29	116	29.67	275	70.33	391	100.00
30	35	26.92	95	73.08	130	100.00
31	87	29.39	209	70.61	296	100.00
32	33	23.91	105	76.09	138	100.00
33	54	19.85	218	80.15	272	100.00
34	30	27.78	78	72.22	108	100.00
35	67	27.80	174	72.20	241	100.00
36	224	26.14	633	73.86	857	100.00
37	40	23.26	132	76.74	172	100.00
40	32	14.88	183	85.12	215	100.00
41	8	15.69	43	84.31	51	100.00
45	5,232	30.52	11,913	69.48	17,145	100.00
50	711	31.29	1,561	68.71	2,272	100.00
51	1,334	28.44	3,356	71.56	4,690	100.00
52	2,500	28.98	6,128	71.02	8,628	100.00
55	1,361	24.26	4,249	75.74	5,610	100.00

Source: NUBS/CMRC

TABLE 6: INDUSTRIAL DISTRIBUTION AMONG MEDIUM FIRMS- 2009 – contd.

SIC92 2 digit	Family Firms No.of Firms	Perc. %	Non-family Firms No.of Firms	Perc. %	TOTAL No.of Firms	Perc. %
60	605	26.63	1,667	73.37	2,272	100.00
61	28	20.44	109	79.56	137	100.00
62	49	21.97	174	78.03	223	100.00
63	434	28.68	1,079	71.32	1,513	100.00
64	288	22.59	987	77.41	1,275	100.00
65	585	17.55	2,749	82.45	3,334	100.00
66	197	18.69	857	81.31	1,054	100.00
67	101	15.63	545	84.37	646	100.00
70	4,367	19.57	17,946	80.43	22,313	100.00
71	154	24.18	483	75.82	637	100.00
72	4,910	26.97	13,295	73.03	18,205	100.00
73	151	20.46	587	79.54	738	100.00
74	14,245	23.07	47,499	76.93	61,744	100.00
75	80	25.97	228	74.03	308	100.00
80	396	21.01	1,489	78.99	1,885	100.00
85	671	21.32	2,477	78.68	3,148	100.00
90	23	25.56	67	74.44	90	100.00
91	293	1.72	16,710	98.28	17,003	100.00
92	1,116	16.65	5,585	83.35	6,701	100.00
93	1,678	24.38	5,206	75.62	6,884	100.00
95	72	25.62	209	74.38	281	100.00
99	1	7.69	12	92.31	13	100.00
TOTAL	**44,616**	**22.38**	**154,723**	**77.62**	**199,339**	**100.00**

Source: NUBS/CMRC

TABLE 7: INDUSTRIAL DISTRIBUTION AMONG LARGE FIRMS- 2009

SIC92 2 digit	Family Firms No.of Firms	Perc. %	Non-family Firms No.of Firms	Perc. %	TOTAL No.of Firms	Perc. %
01	123	28.15	314	71.85	437	100.00
02	4	17.39	19	82.61	23	100.00
05	1	3.23	30	96.77	31	100.00
10	0	0.00	13	100.00	13	100.00
11	2	2.04	96	97.96	98	100.00
12	0	0.00	0	0.00	0	0.00
13	0	0.00	1	100.00	1	100.00
14	3	5.00	57	95.00	60	100.00
15	67	14.96	381	85.04	448	100.00
16	0	0.00	0	0.00	0	0.00
17	19	15.20	106	84.80	125	100.00
18	25	23.58	81	76.42	106	100.00
19	9	25.71	26	74.29	35	100.00
20	29	14.95	165	85.05	194	100.00
21	15	12.20	108	87.80	123	100.00
22	123	12.44	866	87.56	989	100.00
23	1	7.14	13	92.86	14	100.00
24	24	8.45	260	91.55	284	100.00
25	53	14.72	307	85.28	360	100.00
26	27	18.00	123	82.00	150	100.00
27	13	11.40	101	88.60	114	100.00
28	151	18.71	656	81.29	807	100.00
29	54	10.89	442	89.11	496	100.00
30	2	3.28	59	96.72	61	100.00
31	32	12.75	219	87.25	251	100.00
32	17	11.72	128	88.28	145	100.00
33	22	8.27	244	91.73	266	100.00
34	12	9.16	119	90.84	131	100.00
35	11	7.14	143	92.86	154	100.00
36	80	22.10	282	77.90	362	100.00
37	19	20.00	76	80.00	95	100.00
40	1	0.56	179	99.44	180	100.00
41	0	0.00	17	100.00	17	100.00
45	1,427	27.20	3,820	72.80	5,247	100.00
50	457	24.73	1,391	75.27	1,848	100.00
51	1,083	20.63	4,167	79.37	5,250	100.00
52	745	31.08	1,652	68.92	2,397	100.00
55	281	15.88	1,488	84.12	1,769	100.00

Source: NUBS/CMRC

TABLE 7: INDUSTRIAL DISTRIBUTION AMONG LARGE FIRMS- 2009 – contd.

SIC92 2 digit	Family Firms No.of Firms	Perc. %	Non-family Firms No.of Firms	Perc. %	TOTAL No.of Firms	Perc. %
60	201	23.99	637	76.01	838	100.00
61	2	1.83	107	98.17	109	100.00
62	2	3.64	53	96.36	55	100.00
63	149	12.86	1,010	87.14	1,159	100.00
64	45	10.18	397	89.82	442	100.00
65	49	2.43	1,966	97.57	2,015	100.00
66	42	6.62	592	93.38	634	100.00
67	130	5.67	2,162	94.33	2,292	100.00
70	634	9.46	6,070	90.54	6,704	100.00
71	60	10.95	488	89.05	548	100.00
72	126	8.48	1,360	91.52	1,486	100.00
73	3	1.69	174	98.31	177	100.00
74	838	10.22	7,364	89.78	8,202	100.00
75	3	14.29	18	85.71	21	100.00
80	54	10.55	458	89.45	512	100.00
85	158	13.50	1,012	86.50	1,170	100.00
90	33	13.69	208	86.31	241	100.00
91	2	3.33	58	96.67	60	100.00
92	119	7.16	1,544	92.84	1,663	100.00
93	64	21.12	239	78.88	303	100.00
95	0	0.00	0	0.00	0	0.00
99	0	0.00	1	100.00	1	100.00
TOTAL	**7,646**	**14.79**	**44,067**	**85.21**	**51,713**	**100.00**

Source: NUBS/CMRC

5. REGIONAL DISTRIBUTION

Firm location is identified through the registered addresses of the incorporations. Such registered addresses are then matched to the UK government office regions, Scotland and Wales. Table-8 displays the regional distribution for each firm category for year 2009. The table reveals that family businesses are distributed evenly among the UK regions (around 30%) with the exception of LONDON where the percentage of family businesses is as low as around 20%. Separate tables for SMALL and MEDIUM sized businesses (Table-9 and Table-10) show similar distributions. However, Table-11 for regional distribution of firm categories among LARGE firms suggests that not only LONDON but YORKSHIRE and SCOTLAND also have lower incidences of family firms compared to the other regions in the UK among LARGE firms.

Out of around 300,000 family firms as of the start of year 2009, around 52,000 firms were registered in SOUTH EAST (around 17% of all family firms in the UK) and around 45,000 firms in LONDON (around 15% of all family firms). Other regions with high numbers of family firms are NORTH WEST (around 11%) and EAST OF ENGLAND (around 11%). Such regions also have a higher stock of registered companies in general.

TABLE 8: REGIONAL DISTRIBUTION - 2009

REGION	Family Firms		Non-family Firms		TOTAL	
	No.of Firms	Perc. %	No.of Firms	Perc. %	No.of Firms	Perc. %
North East	8,016	32.72	16,482	67.28	24,498	100.00
North West	34,516	30.87	77,298	69.13	111,814	100.00
Yorkshire	21,586	29.93	50,540	70.07	72,126	100.00
East Midlands	22,492	32.50	46,716	67.50	69,208	100.00
West Midlands	27,114	31.14	59,970	68.86	87,084	100.00
East of England	33,575	30.20	77,597	69.80	111,172	100.00
London	44,987	20.27	176,967	79.73	221,954	100.00
South East	52,474	28.15	133,939	71.85	186,413	100.00
South West	28,166	29.77	66,459	70.23	94,625	100.00
Wales	10,590	32.41	22,085	67.59	32,675	100.00
Scotland	21,588	32.83	44,175	67.17	65,763	100.00
TOTAL	**305,104**	**28.32**	**772,228**	**71.68**	**1,077,332**	**100.00**

Source: NUBS/CMRC

TABLE 9: REGIONAL DISTRIBUTION– SMALL FIRMS- 2009

REGION	Family Firms		Non-family Firms		TOTAL	
	No.of Firms	Perc. %	No.of Firms	Perc. %	No.of Firms	Perc. %
North East	6,790	34.32	12,992	65.68	19,782	100.00
North West	30,572	32.17	64,454	67.83	95,026	100.00
Yorkshire	19,574	31.41	42,737	68.59	62,311	100.00
East Midlands	20,278	34.10	39,195	65.90	59,473	100.00
West Midlands	24,247	32.55	50,236	67.45	74,483	100.00
East of England	27,529	31.91	58,754	68.09	86,283	100.00
London	32,757	23.23	108,247	76.77	141,004	100.00
South East	40,123	29.79	94,546	70.21	134,669	100.00
South West	22,999	31.89	49,111	68.11	72,110	100.00
Wales	8,993	33.75	17,653	66.25	26,646	100.00
Scotland	18,980	34.83	35,513	65.17	54,493	100.00
TOTAL	**252,842**	**30.60**	**573,438**	**69.40**	**826,280**	**100.00**

Source: NUBS/CMRC

TABLE 10: REGIONAL DISTRIBUTION– MEDIUM FIRMS- 2009

REGION	Family Firms		Non-family Firms		TOTAL	
	No.of Firms	Perc. %	No.of Firms	Perc. %	No.of Firms	Perc. %
North East	1,035	28.27	2,626	71.73	3,661	100.00
North West	3,387	25.56	9,865	74.44	13,252	100.00
Yorkshire	1,683	23.29	5,544	76.71	7,227	100.00
East Midlands	1,887	25.05	5,646	74.95	7,533	100.00
West Midlands	2,432	25.12	7,249	74.88	9,681	100.00
East of England	5,165	25.70	14,929	74.30	20,094	100.00
London	10,246	16.18	53,068	83.82	63,314	100.00
South East	10,698	25.25	31,669	74.75	42,367	100.00
South West	4,470	23.61	14,460	76.39	18,930	100.00
Wales	1,351	27.69	3,528	72.31	4,879	100.00
Scotland	2,262	26.93	6,139	73.07	8,401	100.00
TOTAL	**44,616**	**22.38**	**154,723**	**77.62**	**199,339**	**100.00**

Source: NUBS/CMRC

TABLE 11: REGIONAL DISTRIBUTION– LARGE FIRMS- 2009

REGION	Family Firms		Non-family Firms		TOTAL	
	No.of Firms	Perc. %	No.of Firms	Perc. %	No.of Firms	Perc. %
North East	191	18.10	864	81.90	1,055	100.00
North West	557	15.75	2,979	84.25	3,536	100.00
Yorkshire	329	12.71	2,259	87.29	2,588	100.00
East Midlands	327	14.85	1,875	85.15	2,202	100.00
West Midlands	435	14.90	2,485	85.10	2,920	100.00
East of England	881	18.37	3,914	81.63	4,795	100.00
London	1,984	11.25	15,652	88.75	17,636	100.00
South East	1,653	17.63	7,724	82.37	9,377	100.00
South West	697	19.44	2,888	80.56	3,585	100.00
Wales	246	21.39	904	78.61	1,150	100.00
Scotland	346	12.06	2,523	87.94	2,869	100.00
TOTAL	**7,646**	**14.79**	**44,067**	**85.21**	**51,713**	**100.00**

Source: NUBS/CMRC

6. GOVERNANCE

Information related to the board of directors of each firm is gathered as of the start date of each analysis year separately. Board dynamics[3] regarding owner management, experience as a director, gender composition, director age, proximity of directors to firms' registered addresses, multiple directorships and recent director turnover are investigated for different firm categories. Table-12 provides the mean (average) values of governance related variables for each firm category as of the start of 2009. Table-13, Table-14, and Table-15 display the averages for different firm size groups, SMALL, MEDIUM and LARGE, separately.

Regarding average age of directors, family firms (around 51 years) tend to have older directors than non-family firms (around 49 years). Average age of directors increases for non-family firms as the firm size increases. However, average age is rather stable for family firms regardless of firm size.

In general, family firm directors tend to be more experienced than non-family firm directors. As firm size grows, the difference in experience between directors of family firms and those of non-family firms disappear. Family firm directors, however, have more industrial directorship experience regardless of the firm size. Furthermore, directors of LARGE firms tend to be more experienced overall regardless of firm category, family or non-family.

Owner-management degree, in general, decreases as firm size increases. Although family firms consistently have a greater owner-managed percentage than non-family firms do, the difference is much greater among LARGE firms. Whereas the values are around 84% for family firms and 56% for non-family firms in the SMALL sized firm group, they become 78% for family firms and 19% for non-family firms in the LARGE sized firm group.

Incidence of female directors decreases as firm size increases (Tables 12, 13, 14, 15). Whereas the percentage of female directors is around 37% among SMALL sized firms,

the percentage drops to around 20% for LARGE firms. Family firms tend to have a greater percentage of female directors (around 44%) than non-family firms (around 32%).

In terms of directors' proximity to businesses, smaller firm directors appear to reside closer to the registered addresses of the businesses than larger firm directors do. Regarding the firm category, family firm directors tend to reside closer to firms than non-family directors do.

Non-family firms appear to have a higher level of multiple directorships of their directors with other firms than family firms do. The figures are also consistent for different firm size groups and for the level of multiple directorships within the same industry.

The extent of recent director turnover increases by firm size among family firms (from SMALL to LARGE) but especially among non-family firms. The extent of past year's director resignations increases from around 4% to around 13% among non-family firms as the firm size increases from SMALL to LARGE. Regarding firm category, family firms appear to have a lower director turnover degree than non-family firms.

TABLE 12: GOVERNANCE INDICATORS– 2009

VARIABLE	Family Firms		Non-family Firms		TOTAL	
	No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Average Age of Directors (years)	305,104	50.99	772,228	48.92	1,077,332	49.51
Average Experience (days)	305,104	9481.60	772,228	8933.54	1,077,332	9088.75
Average Experience in the Industry (days)	305,104	8640.63	772,228	7711.58	1,077,332	7974.69
Owner-management Degree (%)	305,104	83.46	772,228	51.77	1,077,332	60.75
Incidence of Female Directors (%)	305,104	43.59	772,228	32.24	1,077,332	35.45
Director Proximity (%)	305,104	76.67	772,228	66.94	1,077,332	69.70
Multiple Directorships (per director)	305,104	5.47	772,228	36.96	1,077,332	28.04
Multiple Directorships in the Industry (per director)	305,104	4.01	772,228	18.83	1,077,332	14.63
Recent Director Turnover (%)	305,104	1.63	772,228	4.98	1,077,332	4.03

Source: NUBS/CMRC

TABLE 13: GOVERNANCE INDICATORS – SMALL FIRMS- 2009

VARIABLE	Family Firms		Non-family Firms		TOTAL	
	No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Average Age of Directors (years)	252,842	50.94	573,438	48.74	826,280	49.41
Average Experience (days)	252,842	9470.71	573,438	8423.79	826,280	8744.15
Average Experience in the Industry (days)	252,842	8627.46	573,438	7308.75	826,280	7712.28
Owner-management Degree (%)	252,842	83.70	573,438	55.80	826,280	64.36
Incidence of Female Directors (%)	252,842	43.92	573,438	33.56	826,280	36.73
Director Proximity (%)	252,842	77.08	573,438	69.27	826,280	71.66
Multiple Directorships (per director)	252,842	5.49	573,438	42.61	826,280	31.25
Multiple Directorships in the Industry (per director)	252,842	4.02	573,438	20.93	826,280	15.76
Recent Director Turnover (%)	252,842	1.61	573,438	4.06	826,280	3.31

Source: NUBS/CMRC

TABLE 14: GOVERNANCE INDICATORS – MEDIUM FIRMS- 2009

VARIABLE	Family Firms		Non-family Firms		TOTAL	
	No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Average Age of Directors (years)	44,616	51.18	154,723	49.23	199,339	49.67
Average Experience (days)	44,616	8850.95	154,723	9117.48	199,339	9057.82
Average Experience in the Industry (days)	44,616	8054.57	154,723	7862.14	199,339	7905.21
Owner-management Degree (%)	44,616	83.01	154,723	46.13	199,339	54.39
Incidence of Female Directors (%)	44,616	42.95	154,723	31.60	199,339	34.14
Director Proximity (%)	44,616	76.25	154,723	64.93	199,339	67.46
Multiple Directorships (per director)	44,616	5.45	154,723	19.06	199,339	16.01
Multiple Directorships in the Industry (per director)	44,616	4.15	154,723	12.63	199,339	10.73
Recent Director Turnover (%)	44,616	1.50	154,723	6.11	199,339	5.08

Source: NUBS/CMRC

TABLE 15: GOVERNANCE INDICATORS – LARGE FIRMS- 2009

VARIABLE	Family Firms		Non-family Firms		TOTAL	
	No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Average Age of Directors (years)	7,646	51.43	44,067	50.23	51,713	50.40
Average Experience (days)	7,646	13521.56	44,067	14920.99	51,713	14714.08
Average Experience in the Industry (days)	7,646	12495.97	44,067	12424.87	51,713	12435.39
Owner-management Degree (%)	7,646	78.33	44,067	19.19	51,713	27.93
Incidence of Female Directors (%)	7,646	36.45	44,067	17.32	51,713	20.15
Director Proximity (%)	7,646	65.65	44,067	43.75	51,713	46.99
Multiple Directorships (per director)	7,646	4.90	44,067	26.29	51,713	23.13
Multiple Directorships in the Industry (per director)	7,646	2.91	44,067	13.21	51,713	11.68
Recent Director Turnover (%)	7,646	2.89	44,067	13.06	51,713	11.55

Source: NUBS/CMRC

7. FINANCIAL INDICATORS

Financial indicators of firms are investigated in four main sub-groups [4]. The first group, working capital (operating) cycle, measures cover factors related to trade credit use, inventories (unsold goods) and the extent of liquid and current assets. The second group, growth potential, covers measures for net worth and retained profits. The third group, profitability, measures consider turnover (sales) and profit related factors. The fourth group, leverage, examines the level of loan capital among firms.

Financial information is gathered from firms' latest filed available annual accounts prior to the start date of each analysis year (2007 to 2009). Hence, each firm in the sample may have different values of financial indicators for each analysis year in a dynamic manner. Since the majority of the measures related to financial performance are presented as ratios, values are not deflated given that both nominator and denominator values would be subject to the same deflation. However, some measures that capture changes in some concepts (e.g. change in net worth) utilize deflation by using the GDP deflator.

As SMALL and MEDIUM sized firms have some exemptions while filing their annual accounts, it is not possible to cover all four financial performance groups for every firm in the sample. Basically, SMALL sized firms are only required to submit "Balance Sheet" whereas MEDIUM sized firms are required to submit an "abridged" form of "Profit and Loss Account" in addition to "Balance Sheet". Hence, the third group and the fourth group, profitability and leverage, are not applicable for SMALL sized firms. Similarly, the fourth group, leverage, is not applicable for MEDIUM sized firms. Further analysis is carried out accordingly.

Tables from 16 to 24 display a detailed investigation of financial indicators among different firm size groups for different firm categories for three analysis years separately.

In summary, regarding working capital cycle (Table-16 to Table-18), SMALL firms tend to have lower current ratio figures, higher net cash to net worth ratios, lower inventory relative to assets and greater use of trade credit. Especially, trade creditors to total liabilities ratio is remarkably higher among SMALL firms. MEDIUM sized firms

appear to have the lowest figures for inventory and trade credit related indicators suggesting a trade credit flow especially between SMALL and LARGE firms. Family firms have lower quick assets to current assets ratios and higher inventory to assets ratios among LARGE firms. Furthermore, family firms appear to be using trade credit more than non-family firms especially among LARGE firms.

Net worth and retained profits to total assets figures increase by firm size (Table-19 to Table-21). Family firms, however, appear to have lower net worth figures in general. But, they also have greater figures for retained profits to total assets indicator among SMALL, MEDIUM and LARGE sized firms. The figures may suggest more profit sharing among shareholders for smaller firms rather than retaining profits for further investment. The same statement may also be argued for non-family firms compared to family firms. Motivation for growth may be different between family and non-family firms.

In terms of profitability, although LARGE sized firms appear to have lower average values for sales to total assets (although median values are higher) or pre-tax profit to total asset than MEDIUM sized firms, they also have greater values for profit margin (Table-22 to Table-23). Family firms have higher figures for return on assets and profit margin than non-family firms both among MEDIUM and LARGE sized firms.

Table-24 provides leverage related measures for LARGE sized firms only as they are not available for smaller sized firms. Figures suggest that family firms are less leveraged than non-family firms even for the short term. However, non-family firms have greater interest coverage ratios than family firms. It appears that although non-family LARGE firms are higher leveraged, they may also be making enough profits to cover their interest payments.

TABLE 16: WORKING CAPITAL CYCLE MEASURES– SMALL FIRMS- 2007 to 2009

VARIABLE	YEAR	Family Firms		Non-family Firms		TOTAL	
		No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Current Assets/Current Liabilities	2007	187186	2.25	444053	2.32	631239	2.30
	2008	225792	2.30	526885	2.36	752677	2.34
	2009	252842	2.29	573438	2.36	826280	2.34
Net Cash/Net Worth	2007	187186	0.83	444053	0.79	631239	0.80
	2008	225792	0.87	526885	0.81	752677	0.83
	2009	252842	0.96	573438	0.90	826280	0.91
Quick Assets/Current Assets	2007	187186	0.80	444053	0.79	631239	0.79
	2008	225792	0.80	526885	0.80	752677	0.80
	2009	252842	0.81	573438	0.80	826280	0.81
Inventory/Total Assets	2007	187186	0.10	444053	0.09	631239	0.10
	2008	225792	0.10	526885	0.09	752677	0.09
	2009	252842	0.10	573438	0.09	826280	0.09
Inventory/Current Assets	2007	187186	0.15	444053	0.13	631239	0.13
	2008	225792	0.15	526885	0.12	752677	0.13
	2009	252842	0.14	573438	0.12	826280	0.12
Inventory/Working Capital	2007	187186	4.39	444053	3.49	631239	3.76
	2008	225792	4.24	526885	3.37	752677	3.63
	2009	252842	4.08	573438	3.21	826280	3.48
Trade Debtors/Total Assets	2007	187186	0.27	444053	0.30	631239	0.29
	2008	225792	0.28	526885	0.30	752677	0.29
	2009	252842	0.28	573438	0.30	826280	0.29
Trade Creditors/Total Liabilities	2007	187186	0.81	444053	0.78	631239	0.79
	2008	225792	0.79	526885	0.77	752677	0.78
	2009	252842	0.81	573438	0.79	826280	0.79
Trade Creditors/Trade Debtors	2007	187186	19.78	444053	19.40	631239	19.51
	2008	225792	19.80	526885	19.18	752677	19.37
	2009	252842	20.42	573438	19.80	826280	19.99

TABLE 17: WORKING CAPITAL CYCLE MEASURES– MEDIUM FIRMS- 2007 to 2009

VARIABLE	YEAR	Family Firms		Non-family Firms		TOTAL	
		No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Current Assets/Current Liabilities	2007	48561	3.50	169749	4.94	218310	4.62
	2008	48569	3.46	167494	5.15	216063	4.77
	2009	44616	3.43	154723	5.23	199339	4.83
Net Cash/Net Worth	2007	48561	0.42	169749	0.40	218310	0.40
	2008	48569	0.44	167494	0.42	216063	0.43
	2009	44616	0.53	154723	0.50	199339	0.51
Quick Assets/Current Assets	2007	48561	0.81	169749	0.80	218310	0.81
	2008	48569	0.81	167494	0.81	216063	0.81
	2009	44616	0.81	154723	0.81	199339	0.81
Inventory/Total Assets	2007	48561	0.08	169749	0.07	218310	0.07
	2008	48569	0.08	167494	0.06	216063	0.07
	2009	44616	0.08	154723	0.06	199339	0.06
Inventory/Current Assets	2007	48561	0.11	169749	0.09	218310	0.09
	2008	48569	0.11	167494	0.09	216063	0.09
	2009	44616	0.11	154723	0.08	199339	0.09
Inventory/Working Capital	2007	48561	1.73	169749	1.31	218310	1.40
	2008	48569	1.67	167494	1.27	216063	1.36
	2009	44616	1.63	154723	1.25	199339	1.34
Trade Debtors/Total Assets	2007	48561	0.16	169749	0.14	218310	0.14
	2008	48569	0.16	167494	0.13	216063	0.14
	2009	44616	0.15	154723	0.13	199339	0.13
Trade Creditors/Total Liabilities	2007	48561	0.13	169749	0.13	218310	0.13
	2008	48569	0.13	167494	0.13	216063	0.13
	2009	44616	0.12	154723	0.12	199339	0.12
Trade Creditors/Trade Debtors	2007	48561	3.08	169749	3.10	218310	3.09
	2008	48569	3.11	167494	3.14	216063	3.13
	2009	44616	3.14	154723	3.18	199339	3.17

TABLE 18: WORKING CAPITAL CYCLE MEASURES– LARGE FIRMS- 2007 to 2009

VARIABLE	YEAR	Family Firms		Non-family Firms		TOTAL	
		No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Current Assets/Current Liabilities	2007	7997	2.00	41940	3.12	49937	2.94
	2008	8532	2.12	46268	3.77	54800	3.51
	2009	7646	2.33	44067	4.47	51713	4.16
Net Cash/Net Worth	2007	7997	-0.29	41940	-0.04	49937	-0.08
	2008	8532	-0.21	46268	0.02	54800	-0.02
	2009	7646	-0.18	44067	0.14	51713	0.10
Quick Assets/Current Assets	2007	7997	0.75	41940	0.82	49937	0.81
	2008	8532	0.76	46268	0.83	54800	0.82
	2009	7646	0.76	44067	0.84	51713	0.83
Inventory/Total Assets	2007	7997	0.18	41940	0.13	49937	0.14
	2008	8532	0.17	46268	0.12	54800	0.13
	2009	7646	0.17	44067	0.11	51713	0.12
Inventory/Current Assets	2007	7997	0.25	41940	0.16	49937	0.18
	2008	8532	0.24	46268	0.15	54800	0.17
	2009	7646	0.23	44067	0.14	51713	0.15
Inventory/Working Capital	2007	7997	7.24	41940	6.24	49937	6.40
	2008	8532	6.92	46268	5.79	54800	5.96
	2009	7646	6.40	44067	5.34	51713	5.49
Trade Debtors/Total Assets	2007	7997	0.25	41940	0.24	49937	0.24
	2008	8532	0.25	46268	0.23	54800	0.23
	2009	7646	0.24	44067	0.21	51713	0.22
Trade Creditors/Total Liabilities	2007	7997	0.29	41940	0.22	49937	0.23
	2008	8532	0.29	46268	0.21	54800	0.23
	2009	7646	0.29	44067	0.20	51713	0.21
Trade Creditors/Trade Debtors	2007	7997	6.05	41940	6.47	49937	6.40
	2008	8532	6.15	46268	6.41	54800	6.37
	2009	7646	6.38	44067	6.44	51713	6.43

TABLE 19: GROWTH POTENTIAL MEASURES– SMALL FIRMS- 2007 to 2009

		Family Firms			Non-family Firms			TOTAL	
VARIABLE	**YEAR**	No.of Firms	Mean	Median	No.of Firms	Mean	Median	No.of Firms	Mean
Net Worth	2007	187186	101619.29	19000	444053	182592.58	15000	631239	158580.97
	2008	225792	115035.50	21000	526885	203010.65	15000	752677	176619.40
	2009	252842	118225.72	20000	573438	325716.08	14000	826280	262223.95
Change in Net Worth (%)	2007	187186	0.86	0.088	444053	0.76	0.05	631239	0.79
	2008	225792	0.63	0.045	526885	0.43	0	752677	0.49
	2009	252842	0.26	0	573438	0.21	0	826280	0.23
Retained Profits/Total Assets	2007	187186	-0.76	0.211	444053	-1.43	0.147	631239	-1.23
	2008	225792	-0.80	0.214	526885	-1.43	0.142	752677	-1.24
	2009	252842	-0.82	0.193	573438	-1.49	0.123	826280	-1.28

Source: NUBS/CMRC

TABLE 20: GROWTH POTENTIAL MEASURES– MEDIUM FIRMS- 2007 to 2009

		Family Firms			Non-family Firms			TOTAL	
VARIABLE	**YEAR**	No.of Firms	Mean	Median	No.of Firms	Mean	Median	No.of Firms	Mean
Net Worth	2007	48561	64446.49	15000	169749	6940608.62	13000	218310	5411071.22
	2008	48569	68176.08	16000	167494	6718903.79	13000	216063	5223880.60
	2009	44616	70334.52	14000	154723	10665102.38	12000	199339	8293784.36
Change in Net Worth (%)	2007	48561	0.83	0.439	169749	0.53	0	218310	0.60
	2008	48569	0.53	0	167494	0.31	0	216063	0.36
	2009	44616	0.16	0	154723	0.13	0	199339	0.13
Retained Profits/Total Assets	2007	48561	-1.52	0.2	169749	-2.41	0.086	218310	-2.21
	2008	48569	-1.65	0.18	167494	-2.47	0.083	216063	-2.29
	2009	44616	-1.77	0.16	154723	-2.47	0.064	199339	-2.31

Source: NUBS/CMRC

TABLE 21: GROWTH POTENTIAL MEASURES– LARGE FIRMS- 2007 to 2009

		Family Firms			Non-family Firms			TOTAL	
VARIABLE	**YEAR**	No.of Firms	Mean	Median	No.of Firms	Mean	Median	No.of Firms	Mean
Net Worth	2007	7997	723132.17	120000	41940	11716527.63	164000	49937	9956025.73
	2008	8532	831095.17	128000	46268	17783456.15	221000	54800	15144084.91
	2009	7646	894878.76	142000	44067	25448720.83	282000	51713	21818324.68
Change in Net Worth (%)	2007	7997	1.23	0.146	41940	1.42	0.125	49937	1.39
	2008	8532	1.08	0.127	46268	1.16	0.113	54800	1.15
	2009	7646	0.52	0.079	44067	0.55	0.067	51713	0.55
Retained Profits/Total Assets	2007	7997	0.21	0.25	41940	-0.14	0.112	49937	-0.08
	2008	8532	0.16	0.257	46268	-0.21	0.12	54800	-0.15
	2009	7646	0.14	0.27	44067	-0.26	0.127	51713	-0.20

Source: NUBS/CMRC

TABLE 22: PROFITABILITY MEASURES– MEDIUM FIRMS- 2007 to 2009

		Family Firms			Non-family Firms			TOTAL	
VARIABLE	**YEAR**	No.of Firms	Mean	Median	No.of Firms	Mean	Median	No.of Firms	Mean
Sales/Total Assets	2007	43927	4.177	2.18	142408	5.074	2.08	218310	4.15
	2008	43565	4.206	2.15	139822	4.939	2	216063	4.04
	2009	39864	4.312	2.12	127361	5.028	2	199339	4.08
Pre-tax Profit/Total Liabilities	2007	48561	1.41	0.465	169749	1.48	0.166	218310	1.46
	2008	48569	1.31	0.404	167494	1.38	0.133	216063	1.36
	2009	44616	1.27	0.434	154723	1.31	0.119	199339	1.3
Pre-tax Profit/Total Assets (ROA)	2007	48561	0.43	0.223	169749	0.24	0.085	218310	0.28
	2008	48569	0.41	0.201	167494	0.21	0.064	216063	0.24
	2009	44616	0.43	0.219	154723	0.22	0.055	199339	0.27
Pre-tax Profit/Sales (Profit Margin)	2007	43927	0.176	0.187	142408	0.099	0.137	218310	-0.14
	2008	43565	0.174	0.186	139822	0.101	0.128	216063	-0.14
	2009	39864	0.188	0.197	127361	0.107	0.126	199339	-0.15
Change in Pre-tax Profit (%)	2007	48561	2.32	0.054	169749	2.12	0	218310	2.16
	2008	48569	2.03	0.034	167494	1.78	0	216063	1.84
	2009	44616	0.62	0	154723	0.57	0	199339	0.58

Source: NUBS/CMRC

TABLE 23: PROFITABILITY MEASURES– LARGE FIRMS- 2007 to 2009

		Family Firms			Non-family Firms			TOTAL	
VARIABLE	**YEAR**	No.of Firms	Mean	Median	No.of Firms	Mean	Median	No.of Firms	Mean
Sales/Total Assets	2007	7904	3.13	2.431	41093	2.96	2.01	49937	2.94
	2008	8405	3.21	2.413	44771	2.88	1.898	54800	2.84
	2009	7493	3.22	2.3754	41995	2.84	1.809	51713	2.77
Pre-tax Profit/Total Liabilities	2007	7997	0.46	0.201	41940	0.39	0.091	49937	0.4
	2008	8532	0.46	0.196	46268	0.42	0.09	54800	0.42
	2009	7646	0.48	0.201	44067	0.47	0.089	51713	0.47
Pre-tax Profit/Total Assets (ROA)	2007	7997	0.19	0.121	41940	0.11	0.062	49937	0.13
	2008	8532	0.19	0.116	46268	0.11	0.061	54800	0.12
	2009	7646	0.19	0.1156	44067	0.11	0.058	51713	0.12
Pre-tax Profit/Sales (Profit Margin)	2007	7904	0.08	0.055	41093	0.06	0.04	49937	0.01
	2008	8405	0.08	0.056	44771	0.07	0.044	54800	0.02
	2009	7493	0.09	0.577	41995	0.07	0.045	51713	0.02
Change in Pre-tax Profit (%)	2007	7997	3.82	0.144	41940	3.44	0.133	49937	3.5
	2008	8532	3.21	0.176	46268	2.83	0.139	54800	2.89
	2009	7646	1.12	0.067	44067	1.14	0.024	51713	1.14

Source: NUBS/CMRC

TABLE 24: LEVERAGE MEASURES– LARGE FIRMS- 2007 to 2009

VARIABLE	YEAR	Family Firms		Non-family Firms		TOTAL	
		No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Operating Profit/Interest Payments	2007	7997	141.44	41940	196.63	49937	187.79
	2008	8532	152.29	46268	209.24	54800	200.37
	2009	7646	154.46	44067	220.82	51713	211.01
Total Debt/Net Worth	2007	7997	24.32	41940	98.27	49937	86.43
	2008	8532	24.13	46268	94.33	54800	83.40
	2009	7646	24.77	44067	99.72	51713	88.63
Total Debt/Total Assets	2007	7997	0.45	41940	2.25	49937	1.96
	2008	8532	0.61	46268	3.02	54800	2.65
	2009	7646	0.81	44067	3.67	51713	3.24
Bank Overdraft and Short Term Loans/Current Assets	2007	7997	1.30	41940	3.28	49937	2.96
	2008	8532	1.08	46268	2.81	54800	2.54
	2009	7646	1.22	44067	3.24	51713	2.94

Source: NUBS/CMRC

8. INSOLVENCY AND FIRM EXIT

Firms in each firm category and firm size group are tracked against insolvency and non-insolvency related exits (dissolutions) for each analysis year. Table-25 shows the number of corporate insolvencies as well as the insolvency rates for the period 2007 to 2009 for the firms in the sample. In general, corporate insolvency rates in the sample increase during 2009, consistent with the expectation due to the recession. LARGE sized firms appear to have higher insolvency rates (3.54% in 2009) than SMALL sized firms (1.56% in 2009) where MEDIUM sized firms have the lowest figures (0.90% in 2009). Family firms consistently have lower insolvency rates than non-family firms regardless of the firm size.

Table-26 tracks non-insolvency related dissolution for each analysis year from 2007 to 2009. In general, dissolution rate is also higher during 2009 compared to the earlier years. LARGE firms, however, have the lowest dissolution rate as opposed to having the highest insolvency rate. Family firms have lower dissolution rates than non-family firms among SMALL and MEDIUM sized firms. But, the dissolution rates are similar between family and non-family firms among LARGE firms.

It appears that LARGE firms tend to exit through insolvencies rather than non-insolvency related dissolutions. SMALL and MEDIUM sized firms, on the other hand, mostly exit through non-insolvency related closures. Family firms, in general, have lower rates in both exit categories, insolvency and dissolution, than non-family firms.

TABLE 25: CORPORATE INSOLVENCY RATES– 2007 to 2009

	SMALL					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	No. of Insolvent	No. of Firms	No. of Insolvent	No. of Firms	No. of Insolvent
2007	187,186	1,685 (0.90%)	444,053	5,532 (1.25%)	631,239	7,217 (1.14%)
2008	225,792	2,773 (1.23%)	526,885	8,341 (1.58%)	752,677	11,114 (1.48%)
2009	252,842	3,312 (1.31%)	573,438	9,534 (1.66%)	826,280	12,846 (1.56%)
	MEDIUM					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	No. of Insolvent	No. of Firms	No. of Insolvent	No. of Firms	No. of Insolvent
2007	48,561	335 (0.69%)	169,749	1,535 (0.90%)	218,310	1,870 (0.86%)
2008	48,569	355 (0.73%)	167,494	1,656 (0.99%)	216,063	2,011 (0.93%)
2009	44,616	292 (0.65%)	154,723	1,509 (0.98%)	199,339	1,801 (0.90%)
	LARGE					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	No. of Insolvent	No. of Firms	No. of Insolvent	No. of Firms	No. of Insolvent
2007	7,997	128 (1.60%)	41,940	829 (1.98%)	49,937	957 (1.92%)
2008	8,532	228 (2.67%)	46,268	1,429 (3.09%)	54,800	1,657 (3.02%)
2009	7,646	247 (3.23%)	44,067	1,585 (3.60%)	51,713	1,832 (3.54%)
	TOTAL					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	No. of Insolvent	No. of Firms	No. of Insolvent	No. of Firms	No. of Insolvent
2007	243,744	2,148 (0.88%)	655,742	7,896 (1.20%)	899,486	10,044 (1.12%)
2008	282,893	3,356 (1.19%)	740,647	11,426 (1.54%)	1,023,540	14,782 (1.44%)
2009	305,104	3,851 (1.26%)	772,228	12,628 (1.64%)	1,077,332	16,479 (1.53%)

Source: NUBS/CMRC

TABLE 26: NON-INSOLVENCY RELATED DISSOLUTION RATES– 2007 to 2009

	SMALL					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	No. of Dissolved	No. of Firms	No. of Dissolved	No. of Firms	No. of Dissolved
2007	187,186	8,170 (4.37%)	444,053	25,440 (5.73%)	631,239	33,610 (5.32%)
2008	225,792	9,641 (4.27%)	526,885	28,804 (5.47%)	752,677	38,445 (5.11%)
2009	252,842	16,259 (6.43%)	573,438	51,747 (9.02%)	826,280	68,006 (8.23%)
	MEDIUM					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	No. of Dissolved	No. of Firms	No. of Dissolved	No. of Firms	No. of Dissolved
2007	48,561	2,711 (5.58%)	169,749	11,580 (6.82%)	218,310	14,291 (6.55%)
2008	48,569	2,899 (5.97%)	167,494	10,559 (6.30%)	216,063	13,458 (6.23%)
2009	44,616	3,831 (8.59%)	154,723	15,239 (9.85%)	199,339	19,070 (9.57%)
	LARGE					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	No. of Dissolved	No. of Firms	No. of Dissolved	No. of Firms	No. of Dissolved
2007	7,997	59 (0.74%)	41,940	388 (0.93%)	49,937	447 (0.90%)
2008	8,532	105 (1.23%)	46,268	484 (1.05%)	54,800	589 (1.08%)
2009	7,646	151 (1.98%)	44,067	837 (1.90%)	51,713	988 (1.91%)
	TOTAL					
	Family Firms		**Non-family Firms**		**TOTAL**	
	No. of Firms	No. of Dissolved	No. of Firms	No. of Dissolved	No. of Firms	No. of Dissolved
2007	243,744	10,940 (4.49%)	655,742	37,408 (5.71%)	899,486	48,348 (5.38%)
2008	282,893	12,645 (4.47%)	740,647	39,847 (5.38%)	1,023,540	52,492 (5.13%)
2009	305,104	20,241 (6.63%)	772,228	67,823 (8.78%)	1,077,332	88,064 (8.17%)

Source: NUBS/CMRC

9. TURNOVER AND NUMBER OF EMPLOYEES

Average turnover and growth in turnover are lower for family firms among LARGE sized firms. However, average turnover of family firms is greater among MEDIUM sized and growth in turnover is only slightly lower than non-family firms.

Average number of employees and average growth in the number of employees are found to be lower for family firms in our sample of MEDIUM and LARGE sized firms (growth in employee numbers is only slightly lower).

TABLE 27: TURNOVER AND NUMBER OF EMPLOYEES– MEDIUM FIRMS- 2009

		Family Firms			Non-family Firms			TOTAL	
VARIABLE	**YEAR**	No.of Firms	Mean	Median	No.of Firms	Mean	Median	No.of Firms	Mean
Turnover	2009	39,864	112,224.54	69000.00	127,361	95,485.64	48000.00	199,339	83,371
Growth in Turnover (%)	2009	32,745	36.5505	.0000	100,908	38.9108	0.0000	138,264	34
Number of Employees	2009	4,316	3		17,236	8		21,552	7
Growth in Number of Employees (%)	2009	2,926	3		11,042	5		13,968	6,069,828

Source: NUBS/CMRC

TABLE 28: TURNOVER AND NUMBER OF EMPLOYEES– LARGE FIRMS- 2009

		Family Firms			Non-family Firms			TOTAL	
VARIABLE	**YEAR**	No.of Firms	Mean	Median	No.of Firms	Mean	Median	No.of Firms	Mean
Turnover	2009	7,493	3,821,789.14	980000.00	41,995	30,388,081.10	2131000.00	51,713	25,184,588
Growth in Turnover (%)	2009	6,796	113.3578	3.5892	36,592	429.3569	2.6510	44,184	369
Number of Employees	2009	1,896	69		21,296	188		23,192	178
Growth in Number of Employees (%)	2009	1,666	9		18,112	10		19,778	10

Source: NUBS/CMRC

10. EMPLOYEE WAGES, DIRECTORS EMOLUMENTS AND DIVIDENDS

4,801 LARGE sized firms (265 family businesses) in 2009 form the sample to investigate employee salaries, directors emoluments and dividends payable between family and non-family businesses. Figures for number of employees, wages and salaries, directors emoluments, and dividends payables are gathered from firms' annual accounts that were available as of the start date of 2009.

Table-29 displays average values for wages and salaries per employee, directors emoluments per director and dividends payable for each firm category for 2009. It appears that family businesses pay less to employees but slightly more to directors. Average dividends payable figure, on the other hand, is significantly lower for family businesses consistent with the greater values found for family businesses regarding retained earnings.

TABLE 29: WAGES AND SALARIES, DIRECTORS EMOLUMENTS AND DIVIDENDS - 2009

VARIABLE	YEAR	Family Firms		Non-family Firms		TOTAL	
		No.of Firms	Mean	No.of Firms	Mean	No.of Firms	Mean
Wages and Salaries per EMPLOYEE	2009	265	35,559	4,536	90,915	4,801	87,860
Directors Emoluments per DIRECTOR	2009	265	133,814	4,536	116,230	4,801	117,201
Dividends Payable	2009	265	244,778	4,536	6,410,136	4,801	6,069,828

Source: NUBS/CMRC

11. FAMILY TRUST/SETTLEMENT FIRMS

Family firms with family trusts/settlements are separately identified for further investigation. Consequently, three firm categories are classified for this subsection (Table 30-31).

Firm Categories:

A- Non-listed Family Firm without family trust/settlement (FNFT).

B- Non-listed Family Firm with family trust/settlement (FFT).

C- Non-listed Non-family Firm (NF).

Despite the general relatively lower intensity of family firms among large firms, the percentage of family firms with family trusts/settlements increases as the firm size increases. Whereas the percentage of family trust firms is only 0.07% among small firms, it more than doubles and rises up to 0.19% in the large firm category.

Family trust firms tend to be much older even in the large firm category. For instance, in 2009, average age of family trust firms was around 24 years compared to around 11 years of family firms with no family trust among small firms. In the large firm category, family trust firms were around 25 years old in average where non-family firms and family firms with no family trust were around 17 years old in average.

A greater percentage of family firms with family trust/settlements are particularly detected in AGRICULTURE AND FISHING and REAL ESTATE ACTIVITIES. The percentage of family trust firms is the highest in LONDON where NORTH EAST and NORTH WEST have the lowest rates.

Family trust firms (around 55 years) tend to have the oldest directors compared to family firms without trust (51 years) and non-family firms (49 years). Directors of family trust firms tend to be more experienced as a director (also within the particular industry of the firm) than directors of family non-trust firms, which in turn are more experienced than non-family firm directors. In addition, family trust firms have very low values of owner-management degree (around 20%) in all firm size groups, SMALL, MEDIUM and LARGE. Family trust firms

have a director turnover degree higher than family firms but lower than non-family firms regardless of the firm size.

TABLE 30: SAMPLE SIZE FOR EACH FIRM CATEGORY

	SMALL							
	FFT		FNFT		NF		TOTAL	
	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)
2007	382	0.06	239,164	37.89	391,693	62.05	631,239	100.00
2008	516	0.07	282,187	37.49	469,974	62.44	752,677	100.00
2009	550	0.07	305,729	37.00	520,001	62.93	826,280	100.00
	MEDIUM							
	FFT		FNFT		NF		TOTAL	
	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)
2007	164	0.08	64,737	29.65	153,409	70.27	218,310	100.00
2008	165	0.08	63,006	29.16	152,892	70.76	216,063	100.00
2009	148	0.07	56,005	28.10	143,186	71.83	199,339	100.00
	LARGE							
	FFT		FNFT		NF		TOTAL	
	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)	No. of Firms	Percentage (%)
2007	95	0.19	10,607	21.24	39,235	78.57	49,937	100.00
2008	105	0.19	11,191	20.42	43,504	79.39	54,800	100.00
2009	99	0.19	9,791	18.93	41,823	80.88	51,713	100.00

Source: NUBS/CMRC

(FNFT) = Non-listed Family Firm without family trust/settlement.

(FFT) = Non-listed Family Firm with family trust/settlement.

(NF) = Non-listed Non-family Firm.

TABLE 31: AVERAGE FIRM AGE (YEARS) FOR EACH FIRM CATEGORY

	SMALL							
	FFT		FNFT		NF		TOTAL	
	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)
2007	382	20.51	239,164	10.54	391,693	8.03	631,239	8.99
2008	516	22.52	282,187	11.44	469,974	8.69	752,677	9.73
2009	550	24.06	305,729	11.39	520,001	8.80	826,280	9.77
	MEDIUM							
	FFT		FNFT		NF		TOTAL	
	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)
2007	164	18.83	64,737	9.69	153,409	8.69	218,310	9.00
2008	165	21.10	63,006	10.55	152,892	9.78	216,063	10.01
2009	148	19.43	56,005	10.73	143,186	10.00	199,339	10.21
	LARGE							
	FFT		FNFT		NF		TOTAL	
	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)	No. of Firms	Firm Age (years)
2007	95	23.64	10,607	15.19	39,235	15.15	49,937	15.18
2008	105	23.16	11,191	16.13	43,504	16.26	54,800	16.25
2009	99	25.69	9,791	16.82	41,823	16.92	51,713	16.92

Source: NUBS/CMRC

(FNFT) = Non-listed Family Firm without family trust/settlement.

(FFT) = Non-listed Family Firm with family trust/settlement.

(NF) = Non-listed Non-family Firm.

EXPLANATIONS

1- FIRM SIZE DESCRIPTION:

*"*There are 3 sizes of companies to consider when preparing accounts; small, medium or large. There are thresholds for turnover, balance sheet total (meaning the total of the fixed and current assets) and the average number of employees, which determine whether the company is small or medium-sized. Any companies that do not meet the criteria for small or medium are large companies and will have to prepare and submit full accounts.

A small company can prepare and submit accounts according to special provisions in the Companies Act 2006 and the relevant regulations. This means that they can choose to disclose less information than medium-sized and large companies.

A small company must meet at least two of the following conditions:

- annual turnover must be not more than £6.5 million;
- the balance sheet total must be not more than £3.26 million;
- the average number of employees must be not more than 50.

Small companies do not have to deliver a copy of the directors' report or the profit and loss account to Companies House. Small companies preparing Companies Act accounts can deliver an abbreviated balance sheet. As with a small company, a medium-sized company is determined by its turnover, balance sheet total (meaning the total of the assets) and average number of employees. A medium-sized company can prepare accounts according to special provisions applicable to medium-sized companies. It can also choose to submit reduced information to Companies House.

To be a medium-sized company, the company must meet at least two of the following conditions:

- annual turnover must be no more than £25.9 million;
- the balance sheet total must be no more than £12.9 million;

- the average number of employees must be no more than 250

Abbreviated accounts of a medium-sized company must include the abbreviated profit and loss account (this must be full if preparing IAS accounts) and the full balance sheet". http://www.companieshouse.gov.uk/about/gbhtml/gp2.shtml#ch6

2- SIC92 DESCRIPTION:

"A Standard Industrial Classification (SIC) was first introduced into the United Kingdom in 1948 for use in classifying business establishments and other statistical units by the type of economic activity in which they are engaged. The classification provides a framework for the collection, tabulation, presentation and analysis of data and its use promotes uniformity. In addition, it can be used for administrative purposes and by non-government bodies as a convenient way of classifying industrial activities into a common structure.

Since 1948 the classification has been revised in 1958, 1968, 1980, 1992 and 1997. Revision is necessary because, over a period of time, new products and the new industries to produce them emerge and shifts of emphasis occur in existing industries. It is not always possible for the system to accommodate such developments and after a period of time updating the classification is the most sensible action.

UK SIC(92) is based exactly on NACE Rev 1 but, where it was thought necessary or helpful, a fifth digit has been added to form subclasses of the NACE Rev 1 four digit classes. Thus, UK SIC(92) is a hierarchical five digit system. However, at the first or highest level of aggregation, unlike the SIC(80) which had 10 divisions, UK SIC(92) is divided into 17 sections, each denoted by a single letter from A to Q. Some sections are, in turn, divided into subsections (each denoted by the addition of a second letter). The letters of the sections or subsections can be uniquely defined by the next breakdown, the divisions (denoted by two digits).

The following table gives a broad comparison between the sections of UK SIC(92) and the former divisions, although the correlation is not exact as relatively minor differences in coverage are ignored".

http://www.statistics.gov.uk/methods_quality/sic/

UK SIC92 MAIN INDUSTRIAL SECTIONS

A AGRICULTURE, HUNTING AND FORESTRY

B FISHING

C MINING AND QUARRYING

D MANUFACTURING

E ELECTRICITY, GAS AND WATER SUPPLY

F CONSTRUCTION

G WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES AND PERSONAL AND HOUSEHOLD GOODS

H HOTELS AND RESTAURANTS

I TRANSPORT, STORAGE AND COMMUNICATION

J FINANCIAL INTERMEDIATION

K REAL ESTATE, RENTING AND BUSINESS ACTIVITIES

L PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY

M EDUCATION

N HEALTH AND SOCIAL WORK

O OTHER COMMUNITY, SOCIAL & PERSONAL SERVICE ACTIVITIES

P PRIVATE HOUSEHOLDS WITH EMPLOYED PERSONS

Q EXTRA - TERRITORIAL ORGANISATIONS AND BODIES

UK SIC92 First Two Digit Descriptions

SIC92 2-digit	Description
01	AGRICULTURE, HUNTING AND RELATED SERVICE ACTIVITIES
02	FORESTRY, LOGGING AND RELATED SERVICE ACTIVITIES
05	FISHING
10	MINING OF COAL AND LIGNITE
11	EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS
12	MINING OF URANIUM AND THORIUM ORES
13	MINING OF METAL ORES
14	OTHER MINING AND QUARRYING
15	MANUFACTURE OF FOOD PRODUCTS, BEVERAGES
16	MANUFACTURE OF TOBACCO PRODUCTS
17	MANUFACTURE OF TEXTILES
18	MANUFACTURE OF WEARING APPAREL; DRESSING AND DYEING OF FUR
19	MANUFACTURE OF LEATHER AND LEATHER PRODUCTS
20	MANUFACTURE OF WOOD AND WOOD PRODUCTS
21	MANUFACTURE OF PULP, PAPER AND PAPER PRODUCTS
22	PUBLISHING, PRINTING AND REPRODUCTION OF RECORDED MEDIA
23	MANUFACTURE OF COKE, REFINED PETROLEUM PRODUCTS AND NUCLEAR FUEL
24	MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS
25	MANUFACTURE OF RUBBER AND PLASTIC PRODUCTS
26	MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS
27	MANUFACTURE OF BASIC METALS
28	MANUFACTURE OF FABRICATED METAL PRODUCTS
29	MANUFACTURE OF MACHINERY AND EQUIPMENT
30	MANUFACTURE OF OFFICE MACHINERY AND COMPUTERS
31	MANUFACTURE OF ELECTRICAL MACHINERY AND APPARATUS
32	MANUFACTURE OF RADIO, TELEVISION AND COMMUNICATION EQUIPMENT
33	MANUFACTURE OF MEDICAL, PRECISION AND OPTICAL INSTRUMENTS, ETC.
34	MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI- TRAILERS
35	MANUFACTURE OF OTHER TRANSPORT EQUIPMENT
36	MANUFACTURE OF FURNITURE, ETC.
37	RECYCLING
40	ELECTRICITY, GAS, STEAM AND HOT WATER SUPPLY
41	COLLECTION, PURIFICATION AND DISTRIBUTION OF WATER
45	CONSTRUCTION
50	SALE, MAINTENANCE AND REPAIR OF MOTOR VEHICLES AND MOTORCYCLES
51	WHOLESALE TRADE AND COMMISSION TRADE
52	RETAIL TRADE
55	HOTELS AND RESTAURANTS

UK SIC92 First Two Digit Descriptions - continued

SIC92 2-digit	Description
60	LAND TRANSPORT; TRANSPORT VIA PIPELINES
61	WATER TRANSPORT
62	AIR TRANSPORT
63	SUPPORTING AND AUXILIARY TRANSPORT ACTIVITIES
64	POST AND TELECOMMUNICATIONS
65	FINANCIAL INTERMEDIATION
66	INSURANCE AND PENSION FUNDING
67	ACTIVITIES AUXILIARY TO FINANCIAL INTERMEDIATION
70	REAL ESTATE ACTIVITIES
71	RENTING OF MACHINERY AND EQUIPMENT WITHOUT OPERATOR
72	COMPUTER AND RELATED ACTIVITIES
73	RESEARCH AND DEVELOPMENT
74	OTHER BUSINESS ACTIVITIES
75	PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY
80	EDUCATION
85	HEALTH AND SOCIAL WORK
90	SEWAGE AND REFUSE DISPOSAL, SANITATION AND SIMILAR ACTIVITIES
91	ACTIVITIES OF MEMBERSHIP ORGANISATIONS
92	RECREATIONAL, CULTURAL AND SPORTING ACTIVITIES
93	OTHER SERVICE ACTIVITIES
95	PRIVATE HOUSEHOLDS WITH EMPLOYED PERSONS
99	EXTRA-TERRITORIAL ORGANISATIONS AND BODIES

3- VARIABLES REGARDING GOVERNANCE (BOARD DYNAMICS):

All variables are calculated by using the information as of the start date of each analysis year.

Average Age of Directors: Total age of directors in years is divided by the number of directors.

Average Experience: The difference in days between the first ever appointment date of a director and the start date of an analysis year is first calculated. The average is then gathered among all directors of a firm.

Average Experience in the Industry: The difference in days between the first ever appointment date of a director in the firm's particular industry and the start date of an analysis year is first calculated. The average is then gathered among all directors of a firm.

Owner-management Degree: Total number of shares directors have is divided by total number of shares.

Incidence of Female Directors: The number of female directors is divided by the number of directors.

Director Proximity: The number of directors who live in the same "county" is divided by the number of directors.

Multiple Directorships: Total number of current directorships of all directors of a firm is divided by the number of directors.

Multiple Directorships in the Industry: Total number of current directorships of all directors in a firm's particular industry is divided by the number of directors.

Recent Director Turnover: The number of past year's director resignations is divided by the number of directors as of the start date of past year.

Changes in variables: % change = [(this year - last year)/last year]

4- FINANCIAL PERFORMANCE RELATED MEASURES:

Working Capital Cycle Measures:

-Current Assets/Current Liabilities

-Net Cash/Net Worth

-Quick Assets/Current Assets

-Trade Debtors/Total Assets

-Trade Creditors/Trade Debtors

-Inventory/Working Capital

-Inventory/Total Assets

-Inventory/Current Assets

-Trade Creditors/Total Liabilities

Growth Potential:

-Net Worth

-Retained Profits/Total Assets

-Change in Net Worth (%)

Profitability:

-Sales/Total Assets

-Pre-tax Profit/Total Liabilities

-Pre-tax Profit/Total Assets

-Pre-tax Profit/Sales

-Change in Pre-tax Profit (%)

Leverage:

-Operating Profit/Interest Payments

-Total Debt/Total Assets

-Bank Overdraft and Short Term Loans/Current Assets

-Total Debt/Net Worth