

## Capital issues in the United Kingdom

The purpose of this article is to assemble in one place as long a run as possible of the Bank of England's estimates of capital issues in the United Kingdom. Nearly all of these estimates have been published previously, but in a variety of places, not all now readily accessible.

The Bank's estimates of capital issues go back to 1927. They were published before the war in the Bank's *Statistical Summary* and since the war in the *Monthly Digest of Statistics*, *Financial Statistics*, the *Annual Abstract of Statistics* and this *Bulletin*.

There are two separate though overlapping series, the first ending in 1961 (Table I at the end of this article) and the second beginning in 1954 (Table II). The former was not well suited to the general scheme of new financial statistics being assembled after the Radcliffe Report of 1959; it was therefore redesigned to be used with other information in a set of financial accounts showing changes in the liabilities and assets of the various sectors of the U.K. economy. The latter series, which seeks to measure the total amount of new finance raised by issues on the U.K. market, was introduced in an article in the December 1961 *Bulletin*, the substance of which is reproduced here.

The opportunity has been taken to reclassify some of the totals in the old series to make the groupings by type of borrower more consistent with those in the new. But it should be emphasised that many other differences necessarily remain.

**General scope of the estimates** Although both series may be said broadly to measure the amount of capital 'raised in the United Kingdom', they do not cover precisely the same body of subscribers. The earlier series related only to cash subscribed by U.K. residents; within the limits of the information available, it included their subscriptions to issues made abroad, while excluding subscriptions by overseas residents to issues made in the United Kingdom. The later series, on the other hand, relates only to cash raised by issues made in the United Kingdom,<sup>(1)</sup> including any subscriptions from residents of other countries.

The two series are concerned with broadly the same group of borrowers. Common to both are U.K. local authorities; public companies registered in the United Kingdom which have at least part of their capital quoted on a U.K. stock exchange; overseas-registered companies, whether or not their securities are quoted in this country; and overseas governments and other public authorities, including international organisations. Neither series covers issues by the British and Northern Ireland Governments. Nationalised industries, which were included in the old series, are excluded from the new. Issues and redemptions of nationalised industries' and government stocks are less useful in sector financing statistics than figures which measure total net transactions in these securities between the authorities and the public; such figures are already available elsewhere.<sup>(2)</sup>

<sup>(1)</sup> In some cases the centre of issue may not be self-evident. An issue to shareholders is regarded as 'made in the United Kingdom', and therefore included in full, if the sole or principal register of shareholders is maintained in this country; similar issues by companies whose sole or principal register is abroad are excluded. Where an issue is made in two or more centres concurrently, as in the case of certain foreign currency issues in recent years, it is included only if U.K. institutions have taken a leading part in arranging it; the amount then included is an estimate of the proportion of the loan for which the U.K. sponsors arranged subscriptions.

<sup>(2)</sup> See Table 3 (i) of the statistical annex.

Both series of capital issues estimates relate to cash raised by issues of ordinary, preference and loan capital, whether by means of public issues, offers for sale, issues by tender, placings, or issues to shareholders or employees. The figures for U.K. local authorities are restricted to quoted stocks and to negotiable bonds (of not less than one year) issued to, or through the agency of, banks, discount houses, issuing houses or brokers. Those for other categories of borrower, however, relate to both quoted and, in so far as information is published, unquoted capital. Mortgages and any loans repayable in less than twelve months are excluded; so also are loans from U.K. government funds—but not government subscriptions made *pari passu* with the market to company issues (for example, to the recent rights issue by the British Petroleum Company).

Issues are valued at the price paid by the subscriber. The amounts shown therefore represent cash, and not nominal, values; and they do not measure the net sum raised by borrowers after the costs of issue have been met.

**Classification of borrowers** In both sets of statistics the main division is between domestic and overseas borrowing. In the old series the amounts raised by public companies were divided between the United Kingdom and overseas so far as possible according to where the money was to be spent; in the new series the division is made according to the country of registration of the borrowing company.

In the old series the initial division of issues 'for the United Kingdom' was between local government,<sup>(1)</sup> investment trusts, and industrial and commercial. Industrial and commercial issues were further divided by type of business—in post-war years by reference to the *Standard Industrial Classification*, but earlier according to a pattern that varied somewhat over the years. Financial companies and nationalised industries were included throughout in the appropriate industrial and commercial categories. In the new series the initial

division of domestic borrowers is by sector—between local authorities, financial institutions, and other (industrial and commercial) companies; industrial and commercial issues are in turn analysed by the main occupation of the issuing company or group in accordance with the *Standard Industrial Classification*.

**Treatment of issues not raising new money** Both series are restricted to issues for cash and thus exclude bonus issues, share exchanges and issues for other forms of consideration.

The earlier series included some issues in which the cash raised accrued not to the borrowing company but to its existing shareholders (for example, where a company seeking a stock exchange quotation for its existing securities arranged for some part of them to be made available to the market for the first time).<sup>(2)</sup> The present estimates exclude all issues of this type; and both sets of statistics exclude issues connected with denationalisation (notably those of steel company securities by the Iron and Steel Holding and Realisation Agency).

It should be borne in mind that the proceeds of some cash issues are used wholly or partly for the purchase of existing securities or for subscription to other new issues. It is not possible to segregate funds destined to be used in this way, but the separate analysis of issues by financial institutions in the new series (and by investment trusts in the old) goes some way towards doing so.

**Timing of issues** Subscriptions to new issues may be payable in full on application or be called for in instalments over a period of several months or even years. In the old series, irrespective of the timing of calls, subscriptions were included in full at the time when they were invited to be made. In the new, so as to reflect more closely the flow

(1) Differing from "local authorities" (in the new series) by the exclusion of water, dock and harbour boards, which were treated as industrial borrowers.

(2) Such issues in the years for which the two series overlap amounted (in £ millions) to:

1954 ... 29	1956 ... 5	1958 ... 21	1960 ... 38
1955 ... 12	1957 ... 8	1959 ... 37	1961 ... 18

of funds between lender and borrower, subscriptions are entered under the period in which instalments become due. This aids systematic study of financial transactions between the principal sectors of the economy and, in particular, enables the estimates of capital issues to be linked with movements in other assets and liabilities.

**Redemptions** Gross issues in both the old and the new statistics include some issues associated wholly or partly with the redemption of existing securities. In the old series those directly linked with such redemptions were segregated as refunding and conversion issues, leaving a balance shown in Table I (i) as 'new' issues. This is a net figure only in a limited sense, for no account was taken of redemptions that were not linked to new issues. In the new series the estimates of redemptions include, so far as known, all redemptions of fixed interest securities, including purchases for cancellation out of sinking funds. The figures of issues less redemptions in Table II, therefore, indicate the net amount of new capital raised in each period, except that no allowance is made for company liquidations or other repayments of share capital. Conversions are included in the gross figures of both issues and redemptions. In most of the years for which the two series overlap the difference in the treatment of redemptions is the main reason why the estimates of 'new' issues in Table I exceed net issues in Table II.

**Issues during 1939-45** Table I includes estimates, published for the first time, of the few issues made during the war years.

**The Midland Bank's statistics** The Midland Bank have published a consistent series of statistics of new capital issues since 1919.<sup>(1)</sup> Their purpose—to record the amount of new

money raised in the United Kingdom (other than borrowings by the British Government) by the issue of marketable securities—is closely allied to the general purpose of both Bank of England series. The figures resemble the earlier Bank of England series in the following respects. They are confined, as far as possible, to subscriptions by U.K. residents; they include issues by nationalised industries; they seek to allocate public companies' issues between the United Kingdom and overseas in accordance with the use of the funds; they include subscriptions in full at the time when they are invited; and they take no account of redemptions not closely linked to new issues. On the other hand, the Midland Bank exclude, as do the Bank of England now, issues where cash accrues not to the company concerned but to its existing shareholders. Finally, in two respects the Midland Bank series differs from both Bank of England series: it is confined to securities with a U.K. stock exchange quotation, whereas each of the others includes some unquoted securities; and while all three exclude issues by the British Government, only the Midland Bank series includes issues by the Northern Ireland Government.

**Pre-1927 statistics** Two further series, now discontinued, extend back beyond 1927. These were compiled by *The Statist* (between 1907 and 1939) and *The Economist* (between 1870 and 1954). *The Statist's* figures,<sup>(2)</sup> like those of the Midland Bank, were compiled in a broadly similar way to the Bank of England's old series. *The Economist's* estimates<sup>(3)</sup> differed from the others in that they included as new capital issues certain stock issues by the British Government which were seen as intended to redeem floating, as distinct from long-term, debt; they also included net sales of national savings certificates. Moreover, before their revision in 1936, they excluded all issues placed privately, as distinct from those offered to the public at large or to shareholders.

(1) They are released at the beginning of each month through the national press, and are analysed annually in the February issue of the *Midland Bank Review*.

(2) Figures for the early years (1907-27) were conveniently summarised in the *Jubilee Section* of the issue of 28th June 1928.

(3) Figures for the years 1870-1929 are covered by the issues of *Commercial History & Review* published in *The Economist* of 21st February 1885, 17th February 1894, 21st February 1903, 22nd February 1913, 3rd January 1920 and 15th February 1930.

**Table**  
**Capital issues,**

(i) **Gross issues, less refunding and conversion issues**

£ millions

	Gross issues	Refunding and conversion issues	Total 'new' issues	For United Kingdom			For overseas		
				Total	Local government	Industrial and commercial	Total	Governments and local authorities	Industrial and commercial
1927 ...	..	..	316.7	165.9	25.0	140.9	150.8	..	..
1928 ...	..	..	360.6	210.5	17.1	193.3	150.1	67.0	83.1
1929 ...	..	..	268.5	165.5	1.7	163.8	103.0	33.7	69.3
1930 ...	..	..	244.2	131.4	29.0	102.4	112.8	68.4	44.4
1931 ...	..	..	94.5	44.9	7.2	37.7	49.6	32.3	17.3
1932 ...	159.6	41.8	117.8	88.4	10.2	78.2	29.4	25.6	3.8
1933 ...	331.3	194.4	136.9	96.4	24.9	71.4	40.6	32.3	8.3
1934 ...	311.2	146.6	164.6	122.7	28.2	94.6	42.0	10.7	31.3
1935 ...	330.4	131.2	199.2	177.9	22.6	155.3	21.3	4.4	16.9
1936 ...	354.4	109.8	244.6	212.3	41.5	170.8	32.3	3.8	28.5
1937 ...	255.5	68.3	187.2	154.0	33.2	120.8	33.2	10.6	22.6
1938 ...	157.2	25.4	131.8	103.8	26.0	77.8	28.1	9.8	18.3
1939 ...	99.6	26.4	73.2	49.9	14.5	35.5	23.3	12.6	10.7
1940 ...	11.3	7.9	3.4	3.0	—	3.0	0.4	—	0.4
1941 ...	70.0	67.6	2.4	2.2	—	2.2	0.2	—	0.2
1942 ...	51.3	47.6	3.7	3.7	—	3.7	—	—	—
1943 ...	34.8	26.3	8.5	7.4	—	7.4	1.2	—	1.2
1944 ...	54.3	44.9	9.4	6.9	—	6.9	2.5	—	2.5
1945 ...	128.8	105.3	23.5	18.3	—	18.3	5.2	—	5.2
1946 ...	254.0	100.4	153.6	136.7	—	136.7	16.8	—	16.8
1947 ...	271.0	83.7	187.3	154.8	—	154.8	32.5	8.9	23.6
1948 ...	337.0	59.2	277.8	239.7	—	239.7	38.1	8.2	30.0
1949 ...	211.0	53.9	157.1	115.2	—	115.2	41.9	22.4	19.5
1950 ...	374.0	13.8	360.2	308.0	—	308.0	52.2	28.2	23.9
1951 ...	304.1	11.9	292.2	242.0	—	242.0	50.2	33.1	17.1
1952 ...	410.2	23.0	387.2	334.7	—	334.7	52.4	33.1	19.3
1953 ...	452.1	17.0	435.1	377.6	19.4	358.2	57.4	30.8	26.6
1954 ...	551.3	20.7	530.6	451.4	18.2	433.2	79.2	39.0	40.2
1955 ...	704.3	69.8	634.5	570.9	8.8	562.1	63.6	17.5	46.0
1956 ...	376.8	11.3	365.5	313.0	53.9	259.1	52.6	13.8	38.8
1957 ...	378.0	10.7	367.3	302.2	25.7	276.5	65.1	12.0	53.1
1958 ...	387.7	28.2	359.5	285.4	60.9	224.5	74.0	48.7	25.3
1959 ...	586.1	44.7	541.4	492.7	45.2	447.5	48.8	23.3	25.5
1960 ...	629.9	22.4	607.5	559.4	52.5	506.9	48.0	15.2	32.8
1961 ...	698.2	31.7	666.5	599.0	29.2	569.8	67.4	19.7	47.7

.. not available.

— nil or less than half the final digit shown.

## I

## 1927-61 (old series)

(ii) 'New' industrial and commercial issues for the United Kingdom<sup>(a)</sup>

£ millions

	Total	Manufacturing industries							Public utilities, transport and communication <sup>(c)</sup>	Investment trusts	Insurance, banking and finance <sup>(d)</sup>	Rest
		Total manufacturing <sup>(b)</sup>	Food, drink and tobacco	Chemicals and allied industries	Engineering, ship-building, electrical and vehicles	Textiles	Paper, printing and publishing	Other <sup>(b)</sup>				
1927 ...	140.9	..	..	..	..	..	..	..	..	19.5	..	..
1928 ...	193.3	93.9	14.7	9.1	19.0	10.0	9.3	31.8	19.9	33.9	5.0	40.6
1929 ...	163.8	77.6	19.6	16.6	19.2	2.0	3.7	16.5	21.2	29.1	3.8	32.1
1930 ...	102.4	29.5	4.9	6.6	4.5	0.7	4.0	8.8	51.5	9.5	2.7	9.2
1931 ...	37.7	13.4	0.9	1.0	2.4	2.1	0.9	6.1	15.7	4.9	1.5	2.3
1932 ...	78.2	20.2	1.7	0.7	2.1	0.1	7.5	8.1	48.7	0.7	1.2	7.4
1933 ...	71.4	37.2	11.6	1.7	3.0	1.1	6.3	13.5	21.6	1.2	1.4	10.1
1934 ...	94.6	58.7	3.7	1.4	11.7	0.8	1.9	39.2	20.5	3.4	1.7	10.2
1935 ...	155.3	67.2	5.7	6.7	13.7	2.9	3.6	34.6	55.3	14.2	5.0	13.6
1936 ...	170.8	90.2	10.0	2.1	27.4	4.9	4.8	41.0	56.3	5.2	6.9	12.2
1937 ...	120.8	69.0	9.1	3.3	16.0	3.0	2.2	35.4	27.5	7.0	6.2	11.2
1938 ...	77.8	41.7	9.1	3.9	10.0	0.1	2.0	16.6	22.2	1.1	1.2	11.6
1939 ...	35.5	16.5	1.4	0.6	3.2	—	0.7	10.6	16.0	1.0	0.6	1.4
1940 ...	3.0	1.2	0.2	0.2	0.5	—	—	0.3	1.5	—	0.1	0.2
1941 ...	2.2	1.2	0.1	0.1	0.5	—	—	0.5	1.0	—	—	—
1942 ...	3.7	1.2	0.2	—	0.2	—	0.1	0.7	2.5	—	—	0.1
1943 ...	7.4	3.4	—	0.8	2.1	0.1	—	0.4	3.5	—	—	0.4
1944 ...	6.9	5.5	0.1	0.6	3.6	0.5	—	0.7	1.1	—	0.2	0.3
1945 ...	18.3	16.4	0.6	1.2	4.3	0.1	0.1	10.1	1.7	0.1	—	0.3
1946 ...	136.7	80.1	12.3	1.8	35.3	9.0	4.1	17.6	4.9	0.7	19.6	31.4
1947 ...	154.8	106.6	6.8	9.6	24.3	13.6	7.5	44.8	13.0	0.6	14.5	20.0
1948 ...	239.7	114.0	13.0	38.2	25.8	9.7	6.8	20.5	113.5	0.9	1.1	10.3
1949 ...	115.2	94.3	12.9	9.5	38.2	14.5	4.2	15.0	2.7	2.1	2.2	13.9
1950 ...	308.0	143.6	42.6	46.5	16.1	8.8	2.2	27.4	155.0	0.8	0.8	7.8
1951 ...	242.0	130.6	20.1	33.3	33.2	18.7	5.5	19.8	87.2	2.3	6.6	15.5
1952 ...	334.7	108.2	20.1	35.4	33.7	2.0	6.9	10.1	210.9	2.2	1.4	11.9
1953 ...	358.2	107.1	8.7	37.4	45.8	2.0	2.5	10.7	231.6	7.8	3.2	8.4
1954 ...	433.2	166.7	37.0	31.0	68.9	4.8	1.5	23.5	211.9	26.3	18.0	10.2
1955 ...	562.1	178.1	19.4	19.3	85.2	1.6	16.6	36.0	314.1	23.1	28.3	18.5
1956 ...	259.1	208.6	21.1	62.3	96.6	1.1	12.8	14.7	5.7	24.3	4.4	16.1
1957 ...	276.5	228.1	12.1	53.9	81.5	0.9	16.0	63.7	15.0	14.9	12.5	6.0
1958 ...	224.5	147.3	22.6	44.4	47.1	0.7	8.5	24.0	20.1	14.8	28.5	13.8
1959 ...	447.5	191.2	40.0	17.7	84.9	4.9	7.9	35.8	13.0	33.6	157.5	52.2
1960 ...	506.9	277.1	42.7	22.4	91.7	15.3	29.4	75.6	17.4	47.6	114.6	50.3
1961 ...	569.8	293.6	69.1	46.5	79.3	4.1	18.2	76.4	14.4	46.0	171.0	44.8

(a) There have been numerous changes in the method of industrial analysis over the years, particularly before the first issue of the *Standard Industrial Classification* in 1948. The categories have been regrouped here to produce a broadly consistent series under each heading throughout the period; nevertheless, a number of breaks in continuity undoubtedly remain in addition to those specifically noted below.

(b) Before 1946, also includes property (later included under "insurance, banking and finance") and construction, mining and quarrying, and miscellaneous other non-manufacturing industries (later included mainly under "rest").

(c) Including water, dock and harbour boards, classed in Table II (i) as local authorities. Also included here are issues by the nationalised transport, gas and electricity industries (excluded altogether from Table II) amounting to:

1947 ...	5.0	1950 ...	148.5	1952 ...	205.8	1954 ...	206.3
1948 ...	99.5	1951 ...	75.5	1953 ...	225.4	1955 ...	296.9

(d) Includes property companies from 1946 only.

**Table II**  
**Capital issues, 1954-65 (new series)**

**(i) Gross issues less redemptions**

£ millions

	Gross issues	Redemptions	Net issues	Analysis of net issues					
				U.K. borrowers			Overseas borrowers		
				Total	Local authorities	Quoted public companies	Total	Public authorities	Companies
1954 ...	335.4	70.3	265.1	217.8	9.1	208.7	47.3	36.1	11.2
1955 ...	355.1	80.3	274.8	271.4	2.1	269.3	3.4	— 3.8	7.2
1956 ...	305.0	36.2	268.8	258.5	36.6	221.9	10.3	1.8	8.5
1957 ...	391.5	50.8	340.7	333.4	26.0	307.4	7.3	1.7	5.6
1958 ...	387.4	92.5	294.9	279.1	52.1	227.0	15.8	12.8	3.0
1959 ...	511.6	86.4	425.2	419.8	33.8	386.0	5.4	— 4.3	9.7
1960 ...	573.5	91.0	482.5	476.9	45.9	431.0	5.6	5.5	0.1
1961 ...	699.4	69.6	629.8	620.9	37.8	583.1	8.9	7.3	1.6
1962 ...	638.7	65.7	573.0	574.8	135.6	439.2	— 1.8	— 5.5	3.7
1963 ...	656.2	108.5	547.7	533.0	92.5	440.5	14.7	6.0	8.7
1964 ...	751.6	82.0	669.6	604.1	89.9	514.2	65.5	43.2	22.3
1965 ...	818.1	143.1	675.0	656.2	211.5	444.7	18.8	— 13.7	32.5

**(ii) Net issues by quoted U.K. public companies**

	All companies	Financial (a)	Industrial and commercial										
			Total industrial and commercial	Manufacturing industries							Public utilities, transport and communication	Property companies (a)	Rest (b)
				Total manufacturing	Food, drink and tobacco	Chemicals and allied industries	Engineering, ship-building, electrical and vehicles	Textiles	Paper, printing and publishing	Other (b)			
1954 ...	208.7	51.7	157.0	137.4	33.9	28.1	46.9	2.8	1.2	24.5	2.8	1.5	15.3
1955 ...	269.3	32.8	236.5	174.5	19.1	15.3	89.7	0.2	15.5	34.7	12.9	20.4	28.7
1956 ...	221.9	32.7	189.2	157.8	19.9	21.6	90.9	1.8	12.2	11.4	11.6	0.3	19.5
1957 ...	307.4	26.1	281.3	261.7	10.2	63.4	96.7	0.5	16.8	74.1	4.0	1.1	14.5
1958 ...	227.0	35.6	191.4	174.8	18.8	79.3	48.3	0.2	6.8	21.4	3.8	7.2	5.6
1959 ...	386.0	135.1	250.9	144.7	34.0	18.5	60.7	3.2	6.1	22.2	17.6	33.9	54.7
1960 ...	431.0	112.0	319.0	212.1	40.8	— 3.0	76.9	9.5	25.1	62.8	12.7	33.6	60.6
1961 ...	583.1	154.5	428.6	309.8	65.0	54.9	83.7	3.4	13.2	89.6	8.2	60.5	50.1
1962 ...	439.2	122.7	316.5	182.8	60.4	15.4	32.9	2.3	15.7	56.1	13.1	68.1	52.5
1963 ...	440.5	110.6	329.9	173.0	29.1	19.3	58.8	3.6	12.2	50.0	21.8	58.4	76.7
1964 ...	514.2	108.3	405.9	233.8	75.9	12.6	76.5	15.1	13.7	40.0	14.2	61.4	96.5
1965 ...	444.7	39.0	405.7	267.4	42.0	52.5	65.0	18.6	19.0	70.3	13.3	47.0	78.0

(a) "Financial" and "property companies" are together broadly comparable with "investment trusts" and "insurance, banking and finance" in Table I (ii), except that the last-named category also included certain financial trusts and agencies that are here included in "rest".

(b) Here and in Table I (ii), "other" includes metal manufacture and clothing and footwear, and "rest" includes distributive trades, in addition to the categories covered in the similar columns of Table 14 (iii) of the annex.