

Management and Expectations Survey (MES) 2020 – Guidance

This document gives guidance in relation to questions on the 2020 Management Expectations Survey (MES). For any further questions or queries please contact surveys@ons.gov.uk or call 03001234931.

Examples and Guidance for the Expectations Questions

If your expectations held and forecasts for the future do not include the level of detail requested or do not exist, please report according to your best judgement. Estimates are acceptable, you do not need to do any calculations.

The example below will help you to understand the questions about turnover in the Expectations section. Please note that it is about a made-up business. Your response should reflect your business's expectations.

Example: Anna knows that annual turnover at her business is predicted to be around £5,000,000 in 2021. However, Anna is aware that there is some **uncertainty** with that forecast and that the value of turnover next year could be either **more or less** than £5,000,000. This could be due to differences in consumer demand, changes in prices, and other uncertainties in the market. Given this uncertainty, Anna estimates that the worst-case scenario for turnover in 2021 would be around £2,800,000. However, she views this as an unlikely outcome and therefore suggests a 5% chance of this happening. On the other hand, in the best-case scenario, Anna could see a 2021 turnover value of around £7,500,000. Again, she thinks the likelihood of this is low and as such indicates that there is approximately a 5% chance of this turnover level. Confident that turnover in 2021 will probably not vary too much from her best guess, she puts a likelihood of 60% that this turnover outcome will occur.

Looking ahead to the 2021 calendar year, what is the approximate turnover you would anticipate for this business in the following scenarios?

Lowest turnover

Report to the nearest £1,000. For example, £1,357,689 would be reported as £1,358,000

£ 2,800,000

Low turnover

£ 4,200,000

Medium turnover

£ 5,000,000

High turnover

£ 6,300,000

Highest turnover

£ 7,500,000

For the approximate turnover values you have just given for 2021, how likely do you think each scenario is to occur?

Your answers should add up to 100%

Likelihood of lowest turnover occurring

5 %

Likelihood of low turnover occurring

10 %

Likelihood of medium turnover occurring

60 %

Likelihood of high turnover occurring

20 %

Likelihood of highest turnover occurring

5 %

The example below will help you to understand the questions about employment in the Expectations section. Please note that it is about a made-up business. Your response should reflect your business's expectations.

Example: Josh forecasts that he will probably have 125 employees by December 2021. However, due to **uncertainties** in his projection, Josh knows that the actual number of employees on his payroll in 2021 could be either **higher or lower** than he initially predicted. Given this uncertainty Josh estimates that the lowest-case scenario is that his staffing levels will be around 100. He thinks this is unlikely, but possible, and therefore allocates it a 10% likelihood. On the other hand, in the highest-case scenario, Josh thinks he could have up to 160 employees. Josh thinks that this is less likely than the lowest-case scenario so allocates a 5% chance to this happening. While Josh sees it as unlikely that one of the extremes will happen, he knows that uncertainties could mean the number of employees could stray from his central prediction of 125. If that happens, he thinks it is more likely to stray to the lower side. As such Josh allocates a 45% chance there will be 125 staff on the payroll in 2021 and a 25% chance there will be 110.

Looking ahead, approximately how many employees would you anticipate to be on this business's payroll in December 2021 in the following scenarios?

Lowest scenario

Low scenario

Middle scenario

High scenario

Highest scenario

For the approximate number of employees you have just given for December 2021, how likely do you think each scenario is to occur?

Your answers should add up to 100%

Likelihood of lowest number of employees occurring

 %

Likelihood of low number of employees occurring

 %

Likelihood of medium number of employees occurring

 %

Likelihood of high number of employees occurring

 %

Likelihood of highest number of employees occurring

 %

Terminology Guidance

Turnover

Include:

- All sales of goods (except capital assets) including exports and goods purchased and resold without processing
- Income from any services rendered to other organisations, except the rent from land.
- Amounts received for the right to use patents and similar.
- Provision of goods or services to other parts of your company or organisation which are not the same as the part of your company you are responding for

Exclude:

- Goods and services produced and used by your business (output for own final use)
- Interest payments received and dividend
- Amounts received from the sale of fixed capital assets (such as machinery, company vehicles and buildings) or intellectual property rights
- Grants, subsidies from any public authority, transfers and donations
- If applicable exclude freight charges, excise taxes and value added tax

Expenditure on goods, raw materials, energy and services

- State the net cost of purchases made whether or not they were used or resold.
- Please give amounts payable excluding employment costs, stock variation and all interest payments

Include:

- Raw materials used in your production process
- Rent on buildings or dwellings
- Other goods and materials, e.g. office materials and machine spares
- General business services and other external services, e.g. recruitment and travel, accountants, marketing, repairs/maintenance and cleaning
- In the case of imports the cost should include import and excise duties
- Operational leases only
- Bank charges and commercial insurance
- Amounts payable for right to use patents and similar
- Transfers of goods to your business from other parts of the company

Exclude:

- Capital expenditure (see below)

Capital expenditure

- This covers building work, purchases of existing buildings, structures, vehicles, plant and machinery, and capitalised intangible assets like software, and research and development costs in the UK
- Include non-deductible VAT but exclude deductible VAT
- Do not deduct any amounts received in grants and/or allowances from government sources

Include:

- All additions, alterations and similar which prolong the service life or increase the productive capacity of existing capital
- All expenditure on computer software to be used for more than one year.
- The total capital value of any assets that you have bought on hire purchase or acquired (as lessee) under a finance leasing arrangement
- Expenditure on assets acquired for hiring, renting and leasing purposes
- Capital expenditure at any site belonging to the business where operations have not yet begun

Exclude:

- All expenditure on dwellings but include land intended for new dwellings
- Assets like goodwill, patents or licence fees
- Items of a capital nature acquired for re-sale rather than for use within the business