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Product classifications for accounting, bookkeeping and auditing services; tax consultancy services and business and management consultancy services – relevance test based on data collected in the EU and US

SESSION ON CPC AND TURNOVER

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1. Introduction

At the 2002-2003 Voorburg Group meetings the developments in the area of turnover of services by detailed products have been discussed. For the 2003 meeting in Tokyo an inventory was carried out that showed that many countries collected product data on services. The product classification most frequently used was the CPA (the obvious explanation being that many of the responding countries came from Europe) but many countries also used other classifications. Some countries answered that they use the classification of the EU development project, “Business Services – Methodological Development and Harmonised Data Collection”. This classification is based on the CPA with some additional products in order to capture the turnover generated by related products/activities to each sector or products of general interest, like IT-products and training. Some countries reported that they had their own classifications, which in many cases could be described as a modified version of the CPA.

One conclusion from the inventory was that there seemed to be no existing product classification that worked in an entirely satisfactory way. The level of detail for the users is sometimes not sufficient and in other cases it is too fine. The enterprises do not recognise the products easily, since the products of the different classifications are not adapted to commonly used terms within different activities and/or they cannot be found in the firm’s bookkeeping.

The aim of this paper is to compare the CPA product list with the product list used in the EU project. Then the turnover generated by products for the NACE Rev 1.1. classes 74.12 and 74.14 in participating countries will be analysed in order to verify if the product list used in the project functions properly. The data in NACE Rev 1.1. classes 74.12 has also been compared with the US census data for NAICS 5412 to see if the results were similar. The CPA product list will then be compared with the corresponding product lists of the CPC and NAPCS. This will be taken as an opportunity to propose changes to the CPA, if necessary, in a way that would align the classifications in the analysed economic sectors – NACE Rev 1.1 74.12 and 74.14. To find a product list that could be used across countries would not only simplify comparisons between countries but would also simplify work for each statistical institute, which today are to a certain extent “inventing” their own product classification lists.

As mentioned above the analysis concentrates on NACE Rev 1.1. 74.12 (Accounting, bookkeeping and auditing services; tax consultancy services) and 74.14 (Business and management consultancy services).

2. CPA product list and the EU project product list

The classification of products according to the CPA and EU project product list, see annex 2 and 5, is not exactly in accordance with each other. The construction of the EU product breakdowns had the CPA as their starting point. A test was then carried out in order to see how well the product list functioned.

The results from the test showed that for NACE Rev 1.1 74.12:

- Auditing should be a separate category
- Accounting should be aggregated with bookkeeping services

In the CPA *Accounting and auditing services* form one category and *Bookkeeping* is a separate category. But the test showed that in general, the auditing services have “higher status” than accounting services. In addition, the legal context might differ, as some countries issue special requirements for auditors. There is often a clear distinction between auditing and accounting and the categories are separated in the bookkeeping. Accounting and bookkeeping on the other hand are not separate categories, and therefore it seemed natural to combine these two categories.

For NACE Rev 1.1 74.14 the results from the test showed that:

- Strategic consultancy services should be added as a separate category
- Consultancy services related to mergers and acquisitions should be added as a separate category

The proposed CPA turnover breakdown *General management consulting services* was considered to be on a too aggregated level, since it was estimated to account for a bulk of these services. It was thought probably to be feasible and also beneficial to break the classes further down into finer details, e.g. separating strategic planning and project management as separate groups. The outcome of this was the two classes: *Business organisation consultancy* and *Strategic consultancy services, including mergers and acquisitions*.

Another deviation from the CPA for 74.14 is that the categories *Marketing management consulting services*, *Production management consulting services*, *Public relations services*, *Other management consulting services*, *Project management services other than for construction*, *Arbitration and conciliation services* and *Other management related services* were all merged into the category *Other business and management consultancy services*. These categories were merged together to lessen the burden for enterprises, but as the results show in section 2.2, this has obviously not been a good idea since in all countries there is a large turnover share in this product category.

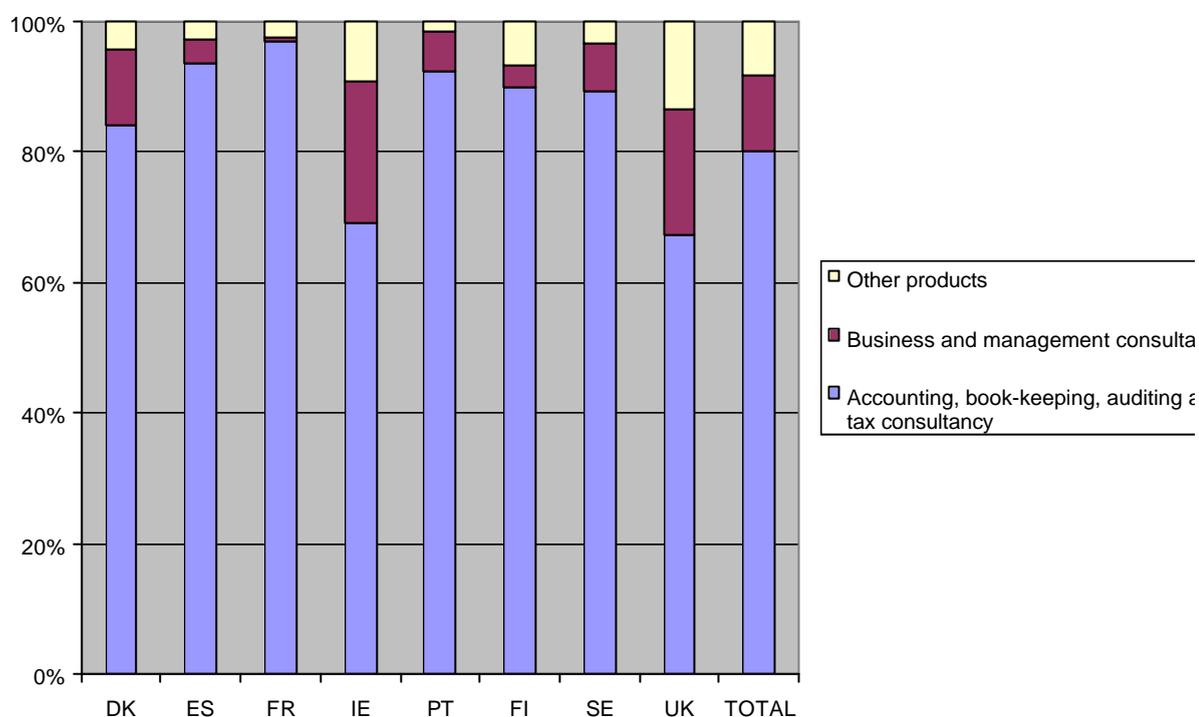
3. Data analysis

In the following an attempt is made to analyse if the product list from the EU project is functioning as expected i.e. if the enterprises were able to recognise the products and allocate their turnover into the listed products.

3.1 Accounting, bookkeeping and auditing services; tax consultancy services (74.12)

An overall conclusion is that the product list has worked well. Most of the enterprises were able to divide their turnover into the different product categories.

Graph 1: Accounting, bookkeeping and auditing services; tax consultancy services (74.12) - main products share of total turnover



As can be seen from the graph, most of the turnover comes from the main products. It is only in Ireland and the United Kingdom that *Business and management consultancy* is an important product with a turnover share of about 22% and 19 % respectively. Looking at the table below the turnover for this product was generated by *Other business and management consultancy services in Ireland*. This could imply that enterprises in Ireland have a more diversified business than enterprises in other countries. In general, business and management consultancy seems to be an important related product – in France they did not include related products in their questionnaires - for enterprises classified in 74.12.

The category *Other products* generates the biggest share of turnover in the United Kingdom, about 13%. In Ireland this share is 9%, most of which comes from *IT-related training services*.

Table 1: Accounting, bookkeeping and auditing services; tax consultancy services (74.12) – percentage share of turnover by detailed product

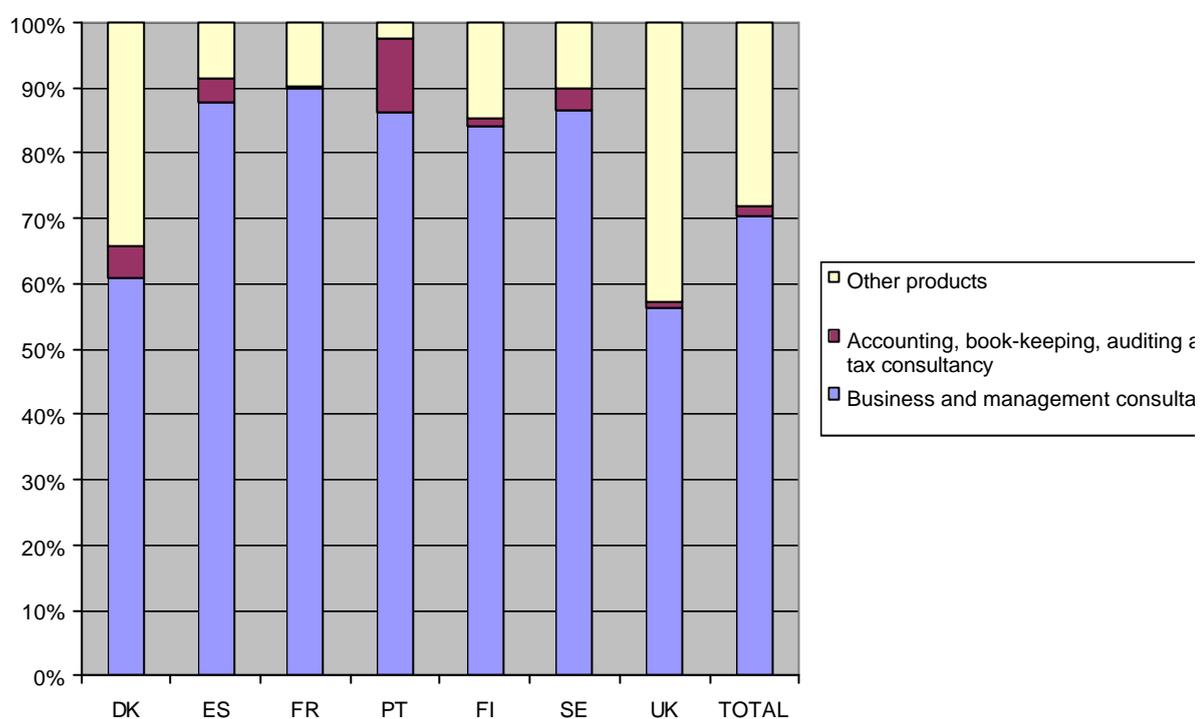
Product breakdown	DK	ES	FR	IE	PT	FI	SE	UK	Total
Auditing services	38.8	13.5	10.3	31.9	44.0	25.6	41.6	22.5	20.6
Accounting and bookkeeping services, except tax returns	33.0	21.1	83.9	16.2	42.4	59.0	36.0	25.1	39.7
Tax consultancy services, including tax returns	12.3	59.0	2.7	21.1	5.9	5.2	11.8	19.7	19.9
Business organisation consultancy services	1.9	0.9	0.0	3.8	3.0	0.2	0.2	3.9	2.3
Strategic consultancy services, including mergers and acquisitions	2.1	0.2	0.0	1.9	1.6	0.8	1.9	4.6	2.5
Financial management consulting services	3.2	0.8	0.0	1.9	0.7	1.4	1.5	5.7	3.2
Human resources management consulting services	0.2	0.4	0.0	2.9	0.4	0.5	0.3	0.4	0.4
Other business and management consultancy services	4.3	1.2	0.5	11.2	0.4	0.6	3.5	4.7	3.2
IT-related training services	0.1	0.0	0.0	7.3	0.0	0.0	0.0	0.1	0.2
Other training services	1.2	0.3	0.1	0.0	0.5	0.0	0.3	0.1	0.2
Other additional products n.e.c..	2.9	2.6	2.5	1.9	1.1	6.6	3.1	13.3	7.9
TOTAL	100%								

As can be seen from the table, the results from Spain and France differ somewhat from those of other countries. In Spain a large share of the turnover is generated by *Tax consultancy services*, and in France by *Accounting and bookkeeping services*. Especially from the French results one could easily get an impression that enterprises were not able to distinguish between these two categories and therefore have simply chosen the largest one or perhaps the product classification used in France did not enable this distinction. In Finland and the United Kingdom many of the accounting enterprises declared that they had problems in breaking down their products into the required categories as their accounting systems did not necessarily support the provision of this kind of information. This could maybe also explain the fact that in these two countries companies have put a relatively large share of their turnover on the residual category *Other additional products n.e.c..* This heading contains products that the enterprises were not able to classify under a proper heading. This residual category does not have a significant share of turnover in other countries.

3.2 Business management consultancy services (74.14)

In the testing phase of the questionnaire many countries reported that the product breakdown of the questionnaire was not considered to be detailed enough. Even with the changes made the results indicate that the product classification would need finer tuning/further thinking.

Graph 2: Business and management consultancy services (74.14)
- main products share of total turnover



As can be seen from the graph, the main products generate a very big share of turnover. In all countries except Denmark and the United Kingdom, the turnover share is well over 80%. Related products - *Accounting, bookkeeping and auditing activities* - on the other hand, generate a significant share of turnover only in Portugal for this NACE class amounting to over 11%. In Denmark and the United Kingdom *Other products* stands for 34% and 43% respectively.

When looking at products at a more detailed level in the Business and management consultancy, it is evident that there are problems with the product classification (see table 2 below).

Table 2: Business and management consultancy services (74.14)
– percentage share of turnover by detailed product

Product breakdown	DK	ES	FR	PT	FI	SE	UK	Total
Auditing services	1.9	0.1	0.2	2.9	0.1	0.3	0.1	0.3
Accounting and bookkeeping services, except tax returns	2.1	1.0	0.0	6.6	1.2	2.6	0.7	0.9
Tax consultancy services, including tax returns	0.7	2.6	0.1	1.7	0.0	0.4	0.2	0.3
Business organisation consultancy services	19.5	23.1	33.9	25.5	21.2	20.9	5.1	15.8
Strategic consultancy services, including mergers and acquisitions	14.2	11.3	10.1	12.9	15.2	14.5	10.8	11.2
Financial management consulting services	3.6	12.0	11.4	6.4	3.2	6.4	3.6	6.3
Human resources management consulting services	12.1	5.9	8.1	0.9	10.3	7.4	20.1	14.4
Other business and management consultancy services	11.6	35.4	26.4	40.6	34.2	37.3	16.9	22.7
IT-related training services	1.2	0.2	0.0	0.1		0.1	0.1	0.1
Other training services	7.7	0.6	1.0	0.2		2.4	1.8	1.7
Computer services	18.2	0.0	2.9	1.5	2.7	2.3	3.2	3.3
Other additional products n.e.c.	7.3	7.7	5.8	0.8	2.8	5.3	37.5	22.9
TOTAL	100%							

In nearly all countries the “residual product” in business and management consultancy services *Other business and management consultancy* turned out to be the most important product of all. In United Kingdom, where *Other additional products n.e.c.* generates a rather big share of turnover, *Other business and management consultancy* is not so important. This further indicates that the product classification has not really worked properly. In Denmark the product category *Other business and management consultancy* was not so important. In Denmark a large part of the turnover was generated by a product related to NACE division 72, namely *Computer services*.

In Spain another product *Public relations and communication assistance services* was added, taken out from the residual product *Other business and management consultancy services*. Even with this change the residual product generated the biggest share of turnover in the business and management consultancy services. A more detailed breakdown would therefore be needed to get more useful results.

One remark from Finland was that quite often it seemed like the respondent enterprises have assigned their total turnover into only one category. Even though it is difficult to judge how this should be interpreted in terms of the used product classification, it probably indicates that it hasn't worked very well.

3.3 Other products

Furthermore the Swedish and Finnish experiences from the surveys are that the provision of IT-consultancy services appeared to be fairly insignificant by business and management consultancy companies. In Sweden this applies to accounting enterprises as well. It is only in Ireland among accounting, bookkeeping and auditing companies that *IT-related training services* generate a significant turnover share.

In Finland the small enterprises in general have put their entire turnover completely into the product *Training services*. This indicates that it is difficult to separate consulting and training, as they are often integrated and very related. Drawing a borderline is largely a matter of respondents' judgement.

In Denmark, on the other hand, 18 % of the turnover in NACE class 74.14 was generated by "related products" from NACE division 72. These products were *Hardware consultancy services*, *Software supply* and *Other computer services*.

4. Data for US census compared with EU project data

In the following an attempt is made to compare the figures between the US census and the EU project. In the US census the industry *Accounting, tax preparation, bookkeeping and payroll services NAICS 5412* has been investigated. This industry is compared with the EU industry NACE *Accounting, book-keeping and auditing services; tax consultancy services (74.12)*.

Table 3: US Data compared with EU Data

Product breakdown	US-Total	EU-Total
Auditing services	19.0	20.6
<i>Financial auditing services</i>	12.9	-
<i>Tax auditing services</i>	0.8	-
<i>Other assurance and financial auditing services</i>	5.3	-
Accounting and book-keeping services, except tax returns	42.9	39.7
<i>Bookkeeping and compilation services</i>	10.0	-
<i>General accounting services</i>	5.0	-
<i>Financial statement review and agreed upon procedures</i>	2.9	-
<i>Payroll services</i>	25.0	-
Tax consultancy services, including tax returns	31.4	19.9
<i>Tax preparation services for businesses</i>	10.5	-
<i>Tax preparation services for individuals</i>	15.2	-
<i>Tax consulting services for individuals and businesses</i>	5.7	-
Business organisation consultancy services	-	2.3
Strategic consultancy services, including mergers and acquisitions	-	2.5
Financial management, human resources and other business and management consulting services	4.0	6.8
<i>Computerized accounting system services</i>	0.7	-
<i>Management consulting services</i>	3.3	-
Training services	0.1	0.4
<i>IT-related training services</i>	-	0.2
<i>Other training services</i>	-	0.2
Other additional products	2.8	7.9
TOTAL	100%	100%

In the table we can see that the product list in the US economic census is more detailed than the EU project product list. The EU project products *Auditing services, Accounting and book-keeping services* and *Tax consultancy services* are all divided into three categories. For example *Auditing services* have been divided into three categories in the US economic census such as *Financial auditing services, Tax auditing services and other assurance and financial auditing services*. In the US product list there is an important product Pay roll services which can not be found in the EU product list. It also seems that the US more

detailed product list has been working well. The US and EU products/product categories have almost the same percentage share of turnover. In EU “Other additional products” generated 7,9 % of the turnover compared with the 2,8 % in the US. One important reason for this is the large share of turnover in the United Kingdom for this product, about 13%. In other EU- countries the percentages are around 1,1 % and 6,6 %.

5. CPA compared with CPC and NAPCS product lists

5.1 CPA compared with the CPC product list

Accounting, bookkeeping and auditing services; tax consultancy services (see Annex 1)

For NACE class 74.12 the CPA and the CPC seem to be in accordance with each other. The only two differences are that the CPA category *Tax consultancy services* is divided into three categories within the CPC (*Corporate tax planning and consulting services*, *Corporate tax preparation and review services* and *Individual tax preparation and planning services*) and that CPC has a product *Insolvency and receivership*, which cannot be found in the CPA.

From the results in section 2.1 it is evident that the French and Spanish enterprises had difficulties to distinguish between *Tax consultancy services* and *Accounting and bookkeeping services*.

Therefore it does not seem necessary to split up the CPA category *Tax consultancy services* in three different categories as the CPC has done.

Business and management consultancy services (see Annex 4)

For NACE class 74.14 the classification of products according to CPA and CPC are almost identical. The CPA products 74.14.17 *Other management consulting services* and 74.14.23 *Other management-related services n.e.c.* seem to be the only products for which corresponding CPC products are not found. *Other management consulting services* in the CPA are divided into *Other management consulting services* (83119) and *Other business consulting services* (83129) in the CPC. The CPA category *Other management-related services n.e.c.* does not exist in the CPC.

5.2 CPA compared with the NAPCS product list

Accounting, bookkeeping and auditing services; tax consultancy services (see Annex 3)

There are some small differences between CPA and NAPCS for NACE class 74.12. In NAPCS there are two categories compared with the three categories in CPA. *Book keeping services* and *Tax consultancy services* are one category, (*Bookkeeping services, compilation of financial statements, payroll services and taxation 54121.2*), at the 6 digit level of NAPCS.

Business and management consultancy services (see Annex 6)

NAPCS has *Strategic management consulting services 54161 1.1* instead of the CPA version *General management consulting services 74.14.11*. Four CPA categories are missing in the NAPCS 54161; these are (*Production management consulting services*, *Other management consulting services* and *Project management services*). Four NAPCS categories are missing in the CPA 74.14; these are (*Operations and supply chain management consulting services*, *Expert witness services*, *executive/retained search* and *Training services management*).

6. Proposal for a “new” product list

6.1 Accounting, bookkeeping and auditing services; tax consultancy services (NACE 74.12)

These items are generally without problems and the EU project classification seems to operate well. A provisional conclusion would therefore be to use the EU-project list and change the CPA accordingly.

Compared to the US census project list the EU-project list is not so detailed. The EU project products *Auditing services*, *Accounting and book-keeping services* and *Tax consultancy services* are all divided into three categories. For example *Auditing services* have been divided into three categories in the US economic census such as *Financial auditing services*, *Tax auditing services and other assurance* and *Financial auditing services*. In the US product list there is an important product *Pay roll services* which can not be found in the EU product list. All these categories mentioned here were working well in the US census study. These products used in the US census should maybe be included in the CPA, especially *Pay roll services*.

6.2 Business management consultancy services (NACE 74.14)

Strategic planning and *Business organisations* could be divided into separate groups. In addition, the *Strategic planning* should maybe have the same name and definition as in the NAPCS, *Strategic management consulting services 54161 1.1*.

The CPA-codes *Marketing management consulting services*, *Production management consulting services*, *Public relations services*, *Other management consulting services*, *Project management services other than for construction*, *Arbitration and conciliation services* and *Other management related services* were all merged into the category *Other business and management consultancy services* in the EU project product list. This has obviously not been a good idea since there is a big turnover share in this product category in all countries. The provisional conclusion here would be that the CPA probably works better than the EU project list and it would probably be useful to try it in the project in the reference year 2004 data collection. It is too late now for the 2003 data collection.

ANNEX 1

NACE 74.12 Accounting, bookkeeping and auditing services; tax consultancy services. The CPA compared with the CPC.

CPA	CPC
<p>74.12.1 Accounting and auditing services</p> <p>This category includes:</p> <ul style="list-style-type: none"> - Financial auditing services - Accounting review services - Compilation of financial statements services - Other accounting services 	<p>8221 Accounting and financial auditing services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - Financial auditing services - Accounting review services - Compilation of financial statements services - Other accounting services
<p>74.12.2 Bookkeeping services, except tax returns</p> <p>This subcategory includes.</p> <ul style="list-style-type: none"> - Bookkeeping services consisting in classifying and recording business transactions in terms of money or some unit of measurement in the books of account. 	<p>8222 Bookkeeping services, except tax returns</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - Bookkeeping services consisting in classifying and recording business transactions in terms of money or some unit of measurement in the books of account.
<p>74.12.3 Tax consultancy services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - Advice to companies and private individuals for the purpose of minimising taxes - drawing-up and defending of financial statements or documents in response to requests from the tax authorities - services consisting in assisting enterprises in tax planning and control, and preparing all documentation required by law 	<p>8231 Corporate tax planning and consulting services</p> <p>8232 Corporate tax preparation and review services</p> <p>8233 Individual tax preparation and planning services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - tax preparation and planning services for unincorporated business - tax preparation and planning services for individuals
	<p>8240 Insolvency and receivership services</p>

ANNEX 2

NACE 74.12 Accounting, bookkeeping and auditing services; tax consultancy services. CPA compared with the EU project product list.

CPA	EU project product list
<p>74.12.1 Accounting and auditing services</p> <p>This category includes:</p> <ul style="list-style-type: none"> - Financial auditing services - Accounting review services - Compilation of financial statements services - Other accounting services 	<p>Auditing services</p> <p>This subcategory includes :</p> <ul style="list-style-type: none"> - Examination services of accounting records and other supporting evidence of an organisation for the purpose of expressing an opinion as to whether the financial statements of the organisation present fairly its position as at a given date and the results of its operations for the period on that date, in accordance with generally accepted accounting principles <p>Accounting and bookkeeping services, except tax returns</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - Accounting review services (reviewing services of annual and interim financial statements and other accounting information. The scope of a review is less than that of an audit and the level of assurance provided is thus lower) - Compilation services of financial statements (compilation services of financial statements from information provided by the client. No assurance regarding the accuracy of the resulting statements is provided, preparation services of business tax returns, when provided as a package together with the preparation of financial statements for a single fee) - Other accounting services (other accounting services such as attestations, valuations, preparation services of pro forma statements, etc.) - Bookkeeping services, except tax returns (bookkeeping services consisting in classifying and recording business transactions in terms of money or some unit of measurement in the books of account)
<p>74.12.2 Bookkeeping services, except tax returns</p> <p>This subcategory includes.</p> <ul style="list-style-type: none"> - Bookkeeping services consisting in classifying and recording business transactions in terms of money or some unit of measurement in the books of account. 	
<p>74.12.3 Tax consultancy services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - Advice to companies and private individuals for the purpose of minimising taxes - drawing-up and defending of financial statements or documents in response to requests from the tax authorities - services consisting in assisting enterprises in tax planning and control, and preparing all documentation required by law 	<p>Tax consultancy services, including tax returns</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advice to companies and private individuals for the purpose of minimising taxes - drawing-up and defending of financial statements or documents in response to requests from the tax authorities - services consisting in assisting enterprises in tax planning and control, and preparing all documentation required by law

ANNEX 3

NACE 74.12 Accounting, bookkeeping and auditing services; tax consultancy services. The CPA compared with the NAPCS.

CPA	NAPCS
<p>74.12.1 Accounting and auditing services</p> <p>This category includes:</p> <ul style="list-style-type: none"> - Financial auditing services - Accounting review services - Compilation of financial statements services - Other accounting services 	<p>54121.1 Assurance and related services</p> <p>This category includes:</p> <ul style="list-style-type: none"> - Financial auditing - Tax auditing - Review of financial statements with or without compilation - Agreed-upon procedures for financial information - Other assurance and related services
<p>74.12.2 Bookkeeping services, except tax returns</p> <p>This subcategory includes.</p> <ul style="list-style-type: none"> - Bookkeeping services consisting in classifying and recording business transactions in terms of money or some unit of measurement in the books of account. 	
<p>74.12.3 Tax consultancy services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - Advice to companies and private individuals for the purpose of minimising taxes - drawing-up and defending of financial statements or documents in response to requests from the tax authorities - services consisting in assisting enterprises in tax planning and control, and preparing all documentation required by law 	<p>54121.2 Bookkeeping services, compilation of financial statements, payroll services and taxation services</p> <p>This category includes:</p> <ul style="list-style-type: none"> - Bookkeeping services - Compilation of financial statements - Payroll services and taxation services
	<p>54121.3 Computerized Accounting Systems services</p> <p>This category includes:</p> <ul style="list-style-type: none"> - Consultation, design, development, installation - Customization of a computerized accounting system - Provision of training and support to enable the client to use the computerized accounting system
	<p>54121.4 Management consulting services</p> <p>This category includes:</p> <ul style="list-style-type: none"> - Management consulting services in the areas of strategic and organizational planning, finance, human resources, marketing and production - Executive search services and other management consulting services
	<p>54121.5 Related services</p> <p>This category includes:</p> <ul style="list-style-type: none"> - Other services provided by accounting, tax preparation, bookkeeping and payroll industries

ANNEX 4

NACE 74.14 Business and management consultancy services. CPA compared with the CPC.

CPA	CPC
<p>74.14.11 General management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organisation. More specifically, general management consulting assignments may deal with one or a combination of the following: - policy formulation - determination of the organisational structure (decision-making system) that will most effectively meet the objectives of the organisation - legal organisation - strategic business plans - definition of a management information system - development of management reports and controls - business turnaround plans - management audits - development of profit improvement programmes - other matters of particular interest to the higher management of an organisation <p>This subcategory does not include: research into management data processing systems, classified in 72.10.10</p>	<p>83111 General management consulting services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organisation. More specifically, general management consulting assignments may deal with one or a combination of the following: - policy formulation - determination of the organisational structure (decision-making system) that will most effectively meet the objectives of the organisation - legal organisation - strategic business plans - defining a management information system - development of management reports and controls - business turnaround plans - management audits - development of profit improvement programmes and other matters that are of particular interest to the higher management of an organisation
<p>74.14.12 Financial management consultancy</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning decision areas that are financial in nature, such as: - working capital and liquidity management, determination of an appropriate capital structure - analysis of capital investment proposals - development of accounting systems and budgetary controls - business valuations prior to mergers and/or acquisitions, etc. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - security broking and fund management services, classified in 67.12.10 <p>advisory services on short term portfolio management that are normally offered by financial intermediaries, classified in 67.12.10</p>	<p>83112 Financial management consulting services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning decision areas that are financial in nature, such as: - working capital and liquidity management, determination of an appropriate capital structure - analysis of capital investment proposals - development of accounting systems and budgetary controls - business valuations prior to mergers and/or acquisitions, etc., but excluding advisory services on short term portfolio management that are normally offered by financial intermediaries <p>This subclass does not include:</p> <ul style="list-style-type: none"> - security broking and fund management services, cf. 7152
<p>74.14.13 Marketing management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the marketing strategy and marketing operation of an organisation. Marketing consulting assignments may deal with one or a combination of the following: - analysis and formulation of a marketing strategy - formulation of customer service and pricing policies - sales management and staff training 	<p>83114 Marketing management consulting services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operation assistance services concerning the marketing strategy and marketing operation of an organisation. Marketing consulting assignments may deal with one or a combination of the following: - analysis and formulation of a marketing strategy - formulation of customer service and pricing policies - sales management and staff training - organisation of distribution channels (sale to

<ul style="list-style-type: none"> - organisation of distribution channels (sale to wholesalers or directly to retailers, direct mail, franchise, etc.) - organisation of the distribution process, package design and other matters related to the marketing strategy and operations of an organisation <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - public relations services, classified in 74.14.16 - advertising services, classified in 74.40.12 	<p>wholesalers or directly to retailers, direct mail, franchise, etc.)</p> <ul style="list-style-type: none"> - organisation of the distribution process, package design and other matters related to the marketing strategy and operations of an organisation <p>This subclass does not include:</p> <ul style="list-style-type: none"> - public relations services, cf. 83121 - advertising services, cf. 836
<p>74.14.14 Human resources management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the human resources management of an organisation. Human resources consulting assignments may deal with one or both of the following: - audit of the personnel function - development of a human resource 	<p>83113 Human resources management consulting services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the human resources management of an organisation. Human resources consulting assignments may deal with one or both of the following: - audit of the personnel function - development of a human resource
<p>74.14.15 Production management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning methods for improving productivity, reducing production costs and improving the quality of production. Production consulting assignments may deal with one or a combination of the following: - effective utilisation of materials in the production process - inventory management and control - quality control standards - time and motion studies - job and work methods - performance standards - safety standards - office management - planning and design and other matters related to production management - services provided by agronomists and agricultural economists <p>This subcategory does not include: advisory services and design for plant layout and industrial processes, classified in 74.20.36</p>	<p>83115 Production management consulting services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning methods for improving productivity, reducing production costs and improving the quality of production. Production consultation assignments may deal with one or a combination of the following: - effective utilisation of materials in the production process - inventory management and control - quality control standards - time and motion studies - job and work methods - performance standards - safety standards - office management - planning and design and other matters related to production management - services provided by agronomists and agricultural economists
<p>74.14.16 Public relations services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning methods to improve the image and relations of an organisation or individual with the general public, government, voters, shareholders and others <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - public opinion polling services, classified in 74.13.12 - planning and creating services of advertising, classified in 74.40.12 	<p>83121 Public relations services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning methods to improve the image and relations of an organisation or individual with the general public, government, voters, shareholders and others <p>This sub sector does not include:</p> <ul style="list-style-type: none"> - planning and creating services of advertising, cf. 83610 - public opinion polling services, cf. 83700
<p>74.14.17 Other management consulting services</p>	<p>83119 Other management consulting services</p>

<p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning other matters - industrial development consulting services, tourism development consulting services, regional development consulting services, etc. <p>This subcategory does not include: services of a technical or scientific nature, classified in 74.20.3</p>	<p>This subclass includes:</p> <ul style="list-style-type: none"> - logistic consulting services <p>83129 Other business consulting services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - regional, industrial or tourism development services
<p>74.14.21 Project management services other than for construction</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - co-ordination and supervision services for resources in preparing, running and completing a project on behalf of the client - project management services can involve budgeting, accounting and cost control, procurement, planning of time scales and other operating conditions, co-ordination of subcontractors' work, inspection and quality control, etc. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - construction project management services, integrated for turnkey projects, classified in 74.20.40 - construction project management services, separately provided, classified in 74.20.60 	<p>83190 Other management services, except construction project management services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - coordination and supervision services for resources in preparing, running and completing a project on behalf of the client - project management services can involve budgeting, accounting and cost control, procurement, planning of time scales and other operating conditions, co-ordination of subcontractors' work, inspection and quality control, etc - these services include management and office management services with or without the provision of their own staff <p>This subclass does not include:</p> <ul style="list-style-type: none"> - construction project management services, cf. 8332
<p>74.14.22 Arbitration and conciliation services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - assistance services involving arbitration or mediation for the settlement of a dispute between labour and management, between businesses or between individuals <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - representation services on behalf of one of the parties in the dispute and consulting services in the field of labour relations, classified in 91.11.10 and 91.20.10, respectively 	<p>82191 Arbitration and conciliation services</p> <p>This subclass includes:</p> <ul style="list-style-type: none"> - assistance services involving arbitration or mediation for the settlement of a dispute between labour and management, between businesses or between individuals <p>This subclass does not include: representation services on behalf of one of the parties in the dispute, cf. 82120</p>
<p>74.14.23 Other management related services</p> <p>This subcategory includes: other management related services not elsewhere classified, except management holdings services</p>	

ANNEX 5

NACE 74.14 Business and management consultancy services. The CPA compared with the EU Project list.

CPA	EU Project list
<p>74.14.11 General management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organisation. More specifically, general management consulting assignments may deal with one or a combination of the following: - policy formulation - determination of the organisational structure (decision-making system) that will most effectively meet the objectives of the organisation - legal organisation - strategic business plans - definition of a management information system - development of management reports and controls - business turnaround plans - management audits - development of profit improvement programmes - other matters of particular interest to the higher management of an organisation <p>This subcategory does not include: research into management data processing systems, classified in 72.10.10</p>	<p>Business organisation consultancy services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the overall planning, structuring and control of an organisation <p>Strategic consultancy services, including mergers and acquisitions</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning business policy and strategy, mergers and acquisitions
<p>74.14.12 Financial management consultancy</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning decision areas that are financial in nature, such as: - working capital and liquidity management, determination of an appropriate capital structure - analysis of capital investment proposals - development of accounting systems and budgetary controls - business valuations prior to mergers and/or acquisitions, etc. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - security broking and fund management services, classified in 67.12.10 <p>advisory services on short term portfolio management that are normally offered by financial intermediaries, classified in 67.12.10</p>	<p>Financial management consultancy services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning decision areas that are financial in nature
<p>74.14.13 Marketing management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the marketing strategy and marketing operation of an organisation. Marketing consulting assignments may deal with one or a combination of the following: - analysis and formulation of a marketing strategy - formulation of customer service and pricing policies - sales management and staff training 	

<ul style="list-style-type: none"> - organisation of distribution channels (sale to wholesalers or directly to retailers, direct mail, franchise, etc.) - organisation of the distribution process, package design and other matters related to the marketing strategy and operations of an organisation <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - public relations services, classified in 74.14.16 - advertising services, classified in 74.40.12 	
<p>74.14.14 Human resources management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the human resources management of an organisation. Human resources consulting assignments may deal with one or both of the following: - audit of the personnel function - development of a human resource 	<p>Human resources management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the human resources management of an organisation
<p>74.14.15 Production management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning methods for improving productivity, reducing production costs and improving the quality of production. Production consulting assignments may deal with one or a combination of the following: - effective utilisation of materials in the production process - inventory management and control - quality control standards - time and motion studies - job and work methods - performance standards - safety standards - office management - planning and design and other matters related to production management - services provided by agronomists and agricultural economists <p>This subcategory does not include: advisory services and design for plant layout and industrial processes, classified in 74.20.36</p>	
<p>74.14.16 Public relations services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning methods to improve the image and relations of an organisation or individual with the general public, government, voters, shareholders and others <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - public opinion polling services, classified in 74.13.12 <p>planning and creating services of advertising, classified in 74.40.12</p>	
<p>74.14.17 Other management consulting services</p> <p>This subcategory includes:</p>	

<ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning other matters - industrial development consulting services, tourism development consulting services, regional development consulting services, etc. <p>This subcategory does not include: services of a technical or scientific nature, classified in 74.20.3</p>	
<p>74.14.21 Project management services other than for construction</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - co-ordination and supervision services for resources in preparing, running and completing a project on behalf of the client - project management services can involve budgeting, accounting and cost control, procurement, planning of time scales and other operating conditions, co-ordination of subcontractors' work, inspection and quality control, etc. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - construction project management services, integrated for turnkey projects, classified in 74.20.40 - construction project management services, separately provided, classified in 74.20.60 	
<p>74.14.22 Arbitration and conciliation services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - assistance services involving arbitration or mediation for the settlement of a dispute between labour and management, between businesses or between individuals <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - representation services on behalf of one of the parties in the dispute and consulting services in the field of labour relations, classified in 91.11.10 and 91.20.10, respectively 	
<p>74.14.23 Other management related services</p> <p>This subcategory includes: other management related services not elsewhere classified, except management holdings services</p>	
	<p>Other business and management consultancy services</p> <p>This subcategory includes: marketing management consulting services, production management consulting services, public relations services, project management services other than for construction, arbitration and conciliation services etc.</p>

ANNEX 6

NACE 74.14 Business and management consultancy services. The CPA compared with the NAPCS.

CPA	NAPCS
<p>74.14.11 General management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organisation. More specifically, general management consulting assignments may deal with one or a combination of the following: - policy formulation - determination of the organisational structure (decision-making system) that will most effectively meet the objectives of the organisation - legal organisation - strategic business plans - definition of a management information system - development of management reports and controls - business turnaround plans - management audits - development of profit improvement programmes - other matters of particular interest to the higher management of an organisation <p>This subcategory does not include: research into management data processing systems, classified in 72.10.10</p>	<p>54161 1.1 Strategic Management Consulting Services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - providing advice and guidance concerning the overall strategic direction, planning, structuring and control of an organization. - consulting on business strategy and planning; - corporate development and restructuring; - crises management. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - services to implement a proposed solution. - consulting when bundled with implementation services. - Strategic management consulting services bundled with implementation services is covered by product 1.6. - Excludes expert witness services concerning strategic management, which are covered by product 2.1 for the US and product 2.0 for Canada.
<p>74.14.12 Financial management consultancy</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning decision areas that are financial in nature, such as: - working capital and liquidity management, determination of an appropriate capital structure - analysis of capital investment proposals - development of accounting systems and budgetary controls - business valuations prior to mergers and/or acquisitions, etc. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - security broking and fund management services, classified in 67.12.10 <p>advisory services on short term portfolio management that are normally offered by financial intermediaries, classified in 67.12.10</p>	<p>54161 1.2 Financial Management Consulting Services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - providing advice and guidance concerning financial strategies, planning and control. - provision of advice and guidance on projects related to working capital and liquidity management; - the determination of an appropriate capital structure; - capital investment proposals; - asset management; - accounting policy and procedures; - budgeting and budgetary controls; - financial consulting services related to mergers, acquisitions, and divestitures such as advice on methods of valuations, methods of payment, and methods of control; - international finance. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - management of investment portfolios. - services to implement a proposed solution. - consulting when bundled with implementation services. - Financial management consulting services bundled with implementation services is covered by product 1.7. - Excludes expert witness services concerning financial management, which are covered by product 2.1 for the US and product 2.0 for Canada.
<p>74.14.13 Marketing management consulting services</p>	<p>54161 1.3 Marketing Management Consulting Services</p>

<p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the marketing strategy and marketing operation of an organisation. Marketing consulting assignments may deal with one or a combination of the following: - analysis and formulation of a marketing strategy - formulation of customer service and pricing policies - sales management and staff training - organisation of distribution channels (sale to wholesalers or directly to retailers, direct mail, franchise, etc.) - organisation of the distribution process, package design and other matters related to the marketing strategy and operations of an organisation <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - public relations services, classified in 74.14.16 - advertising services, classified in 74.40.12 	<p>This subcategory includes:</p> <ul style="list-style-type: none"> - providing advice and guidance on projects related to marketing strategy, market development and sales management and development. - Includes consulting on matters such as identifying external opportunities and challenges that can be addressed by marketing, analyzing internal strengths and weaknesses, determining which goods and services to offer, target markets, competitive position, features of goods and services including customer service programs, pricing, advertising, and distribution channels (including franchising), marketing expenditure level, and sales management and development. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - services to implement a proposed solution. - consulting when bundled with implementation services. Marketing management consulting services bundled with implementation services is covered by product 1.8. - expert witness services concerning marketing management, which are covered by product 2.1 for the US and product 2.0 for Canada.
<p>74.14.14 Human resources management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning the human resources management of an organisation. Human resources consulting assignments may deal with one or both of the following: - audit of the personnel function - development of a human resource 	<p>54161 1.4 Human Resources Management Consulting Services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - providing advice and guidance concerning the development or modification of human resources strategies, policies, practices and procedures. - Includes consulting on recruitment; compensation, benefits, performance measurement and appraisal; organizational development (improving functioning within and between groups); - employee training and development needs; - outplacement procedures and plans for assistance to employees; - succession planning; - compliance with government regulations in areas such as health, safety, workers' compensation and employment equity; - labor-management relations; - employee assistance programs; - human resources audits. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - services to implement a proposed solution. - consulting when bundled with implementation services. Human resources management consulting services bundled with implementation services is covered by product 1.9. - employee training when provided as a stand-alone service. - Training as a stand-alone service is covered by product 4, Training Services, Management. Excludes expert witness services concerning human resources management, which are covered by product 2.1 for the US and product 2.0 for Canada.
<p>74.14.15 Production management consulting services</p>	

<p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning methods for improving productivity, reducing production costs and improving the quality of production. Production consulting assignments may deal with one or a combination of the following: - effective utilisation of materials in the production process - inventory management and control - quality control standards - time and motion studies - job and work methods - performance standards - safety standards - office management - planning and design and other matters related to production management - services provided by agronomists and agricultural economists <p>This subcategory does not include: advisory services and design for plant layout and industrial processes, classified in 74.20.36</p>	
<p>74.14.16 Public relations services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning methods to improve the image and relations of an organisation or individual with the general public, government, voters, shareholders and others <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - public opinion polling services, classified in 74.13.12 <p>planning and creating services of advertising, classified in 74.40.12</p>	
<p>74.14.17 Other management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - advisory, guidance and operational assistance services concerning other matters - industrial development consulting services, tourism development consulting services, regional development consulting services, etc. <p>This subcategory does not include: services of a technical or scientific nature, classified in 74.20.3</p>	
<p>74.14.21 Project management services other than for construction</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - co-ordination and supervision services for resources in preparing, running and completing a project on behalf of the client - project management services can involve budgeting, accounting and cost control, procurement, planning of time scales and other operating conditions, co-ordination of subcontractors' work, inspection and quality control, etc. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - construction project management services, integrated for turnkey projects, classified in 	

<p>74.20.40</p> <ul style="list-style-type: none"> - construction project management services, separately provided, classified in 74.20.60 	
<p>74.14.22 Arbitration and conciliation services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - assistance services involving arbitration or mediation for the settlement of a dispute between labour and management, between businesses or between individuals <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - representation services on behalf of one of the parties in the dispute and consulting services in the field of labour relations, classified in 91.11.10 and 91.20.10, respectively 	
<p>74.14.23 Other management related services</p> <p>This subcategory includes: other management related services not elsewhere classified, except management holdings services</p>	<p>54161 5.0 Related Services</p> <p>This subcategory include:</p> <ul style="list-style-type: none"> - Services, related to the field of management consulting, that are provided by management consulting firms.
	<p>54161 1.5 Operations and supply chain management consulting services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - providing advice and guidance concerning operations and supply chain management. Operations management is concerned with the management of physical, financial and human resources with the objective of producing goods and services. Supply chain management is a bundled service including inventory management services, warehousing and storage services, and distribution services. May include advice and guidance concerning productivity improvement, cost reduction, quality improvements in goods and services, registration for quality management systems, and improvements to logistical operations such as production planning and control and the management of supply sources, inventories, distribution networks, and transportation. <p>This subcategory does not include:</p> <ul style="list-style-type: none"> - consulting on marketing operations. - services to implement a proposed solution. - consulting when bundled with implementation services. Operations and supply chain management consulting services bundled with implementation services are covered by product 1.10. Excludes expert witness services concerning (Continued Below)
	<p>54161 2.0 Expert Witness Services</p> <p>This subcategory includes:</p> <ul style="list-style-type: none"> - providing testimony before a court or administrative body, by a witness who, by virtue of experience, training, skill or knowledge, is recognized as being qualified to render an informed opinion on matters relating to a field or subject.
	<p>54161 3.0 Executive/Retained Search</p> <p>This subcategory include:</p> <ul style="list-style-type: none"> -Specialized search and recruitment service limited to

	<p>filling highly paid executive, senior manager, and professional positions, according to client specifications.</p> <ul style="list-style-type: none"> - Services may include conducting detailed interviews with the client organization's management team; developing job profiles; conducting original research and advertising to locate potential job candidates; screening possible candidates; preparing, presenting, and discussing a confidential list of highly qualified applicants with the client; making interview arrangements; negotiating compensation; and providing post-hire follow-up. The search firm typically provides two assurances to the client firm: (1) repeat the search at no extra charge (out-of-pocket expenses only) should a placed candidate subsequently fail for reasons attributed to lack of due diligence by the search firm and (2) not to recruit from the client firm for a stated period of time. The client makes the decision as to which candidate to hire. The search agency's fee is charged whether or not the candidate is hired. This product is also known as retained search.
	<p>54161 4.0 Training Services, Management</p> <p>This subcategory include:</p> <ul style="list-style-type: none"> - providing management-related training and education services, in fields such as strategic management, financial management, marketing management, human resources management, and operations and logistics management on a stand-alone basis.