

VOORBURG GROUP ON SERVICE STATISTICS

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BUSINESS ACCOUNTS FRAMEWORKS

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SESSION 2

Business accounts frameworks are of crucial importance for business statistics and business surveys, the two being of course closely linked together.

Most of business statistics indeed rely on companies' understanding and goodwill to fulfill forms which are based on statistical concepts about business. The most familiar the concepts to companies, the most accurate the reports in return and the highest the response rate !

That is a key factor both to lighten the statistical burden on companies and to ensure the overall quality of business statistics.

The ESAond reason why that topic is so important was certainly one of the origins of the VOORBURG group, I mean the need of comparability between countries.

Our colleagues from Eurostat could speak a long while on how difficult it is to harmonize data from individual countries and to set up suitable ratios making sense for comparisons from country to country .

So, the very first step when preparing international analysis on services and businesses in general is to make clear what are the concepts used in those statistics country by country

I am very pleased to have the opportunity to start with my country as a first reference for multi comparisons with other countries.

French statisticians have a great opportunity to reduce firms' reluctance to business surveys because of the existence of a "Plan Comptable Général" (PCG) which is the legal reference in accounts for all businesses operating in France. As far as businesses are concerned, in watever industry, services included, business surveys will refer to PCG account numbers either to require the same items or to get some more detail, when necessary.

The French case will be presented thanks to Alain Benedetti, who is carrying out a study in INSEE on concept comparisons between

- "statistical definitions" taken from the "new generation" of business surveys which is based on the future Community regulation and which will be implemented in France from 1997 on 1996,

- the European System of Accounts (ESA) in the 1995 version (draft december 1994),
- the "PCG" (see above),
- and business-tax forms which are based as well on the PCG but with some peculiarities; the statistical use of those declarations is growing up with policies favouring a wider use of administrative sources.

The present paper is limited to concepts dealing with trade and production items up to the gross output surplus balance ;

Table 1 shows how each statistical item described in the followings is geared with the accounting framework

Table 2 gives two correspondance tables between statistical items and detailed business accounts , the first on expenditures, the ESAond on incomes.

• **TABLE I : ACCOUNTING FRAMEWORK (accounting presentation of statistical items)**

Economic Nature of operations	OPERATING EXPENDITURE		OPERATING INCOME	
	Code	Title	Code	Title
T R A D E	C21	Purchases of goods and services for resale	R21	Resales (goods and services)
	C22	Inventory changes in goods and services for resale		
		COMMERCIAL MARGIN		
P R O D U C T I O N	C23	Other purchases incorporated (subcontracting excluded)	R22	Production sold
	C24	Inventory changes in raw material and supplies	R31	TURNOVER
	C25	Subcontracting incorporated	R32	production stored
	VP	VALUE OF PRODUCTION	R33	capitalized production
	C26	External staff		
	C27	Leasing fees		
	C28	Other external costs (general subcontracting included)		
	VAMP	GROSS VALUE ADDED AT MARKET PRICES		
	C29	Taxes and dues linked to production	R39	Operating subsidies
	VAFC	GROSS VALUE ADDED AT FACTOR COSTS		
P R I M A R Y D I S T R I B U T I O N	C30	Labour cost		
	C31	Wages and salaries		
	C32	Employer's social contributions		
	GOS	GROSS OPERATING SURPLUS		

• **TABLE II - Correspondance between statistical and accounting items in EXPENDITURES**

STATISTICAL ITEMS EXPENDITURES	C 21	C 22	C 23	C 24	C 25	C 26	C 27	C 28	VP	VAMP	VAFC	GOS
ACCOUNTING ITEMS												
60 Purchases												
601 P. stored of raw materials			X						X	X	X	X
602 P. stored of other supplies			X						X	X	X	X
604 P. of services					X				X	X	X	X
605 P. of works and materials					X				X	X	X	X
606 Non stored P. of raw materials			X						X	X	X	X
607 P. of goods	~								~	~	~	~
(-) 609 Discounts	(~)								(X)	(X)	(X)	(X)
603 Changes in stocks												
6031 of raw material				X					X	X	X	X
6032 of other supplies				X					X	X	X	X
6037 of goods for resale		~							~	~	~	~
61 External Services												
611 General subcontracting								X		X	X	X
612 Leasing fees							X			X	X	X
613 to 618 rentings and other expenditures on external services												
(-) 619 Discount								X		X	X	X
621 External staff						X				X	X	X
622 to 628 intermediaries fees to miscellaneous												
(-) 629 Discount								X		X	X	X
63 Taxes, dues and similar												
631-633 On wages and salaries											X	X
635-637 Others											X	X
64 Labour cost												
641 to 644 Wages and salaries												X
645 Employer's social contributions												X
648 Other expenditures												~

X identity or quasi identity

~ good approximation

• **TABLE III - Correspondance between statistical and accounting items in INCOMES**

STATISTICAL ITEMS INCOMES	R 21	R 22	R 31	R 32	R 33	R 39	VP	VAMP	VAFC	GOS
ACCOUNTING ITEMS										
<u>70 SALES</u>										
701 Of finished goods		X	X				X	X	X	X
702 Of intermediate goods		X	X				X	X	X	X
703 Of scrap products		X	X				X	X	X	X
704 Works		X	X				X	X	X	X
705 Studies		X	X				X	X	X	X
706 Services	~	~	X				X	X	X	X
707 Resales	~		~				X	X	X	X
(-) 709 Discounts	(~)	(~)	(X)				(X)	(X)	(X)	(X)
<u>71 PRODUCTION STOCKED</u>										
7133 Changes in stocks of goods in process				X			X	X	X	X
7134 Changes in stocks of services in process				X			X	X	X	X
7135 Changes in stocks of products				X			X	X	X	X
<u>72 CAPITALIZED PRODUCTION</u>										
721 Intangible assets					~		~	~	~	~
721 Tangible assets					X		X	X	X	X
73 NET PARTIAL INCOMES ON LONG TERM OPERATIONS										
<u>701 OPERATING SUBSIDIES</u>						X			X	X

X identity or quasi identity

~ good approximation

C 21	PURCHASES OF GOODS AND SERVICES FOR RESALE
C 22	INVENTORY CHARGES IN GOODS AND SERVICES FOR RESALE
R 21	RESALES (GOODS AND SERVICES)

Statistical definition

There is a special word in French to differentiate what is bought for resale, "marchandises", from what is produced or manufactured for sale.

"Marchandises" do include goods and services in the statistical and the accounting definition, but the exact coverage of "marchandises" has to be checked industry by industry in the accounting items PCG 704, 705, 706 and 708, and in the fiscal category "FI".

As a first conclusion, there is no direct possible measure of "marchandises" through accounting and fiscal items.

Macro Economic Definition (ESA 95)

There is only mention of goods when defining what is purchased for resale. So services are absent from the ESA definition.

On production evaluation, ESA says :

Wholesaler and retailer production is measured by "commercial margin" on the goods bought for resale.

Definition : "Commercial margin" consists in the difference between the effective resale price of a good bought for resale and the price to be paid by the seller to replace the same good at the same time.

Travel agencies production is measured by the services value they provide (cost or charge) and not by the total price paid by travellers to agency (which may include a transport provided by a third party).

Tour operators production corresponds to the total price paid by travellers.

The difference between Travel agencies and Tour operators is due to the fact that Travel agencies act as go-between in travels. On the contrary, Tour operators create a new product, an organised journey to be paid at a global price, the traveller having no option for buying only one component of the journey (transport, housing,...).

Accounting Definition

General definition :

"Marchandises" : all what the firm purchases for resale without transformation.

(The re-packaging transforms a "marchandise" in a finished product).

PCG does not specify that "merchandises" corresponds to goods and services but most of the accounting comments mainly concern goods.

So there is no exact correspondance between statistical and accounting items in that field.

Commercial margin =

PCG 707	sales of "merchandises"
- PCG 607	Purchases of "merchandises"
	(additionnal cost included)
+ PCG 6037	Inventory changes
- PCG 6097, 7097	Discount

A commercial margin is calculated for commercial firms, and for commercial activity of manufacturing firms, optionally.

• Commercial firms

There is a commercial margin rate or margin rate : percentage added to the purchase price to obtain the price quoted in shop for sale. Such a rate may be based on the purchase price (a) or the sale price (m). $a = m/(1-m)$. The margin rate has to be calculated by merchandise type. It is a key reference for inter-firms comparisons.

Definitions by industry : ADVERTISING

1 - Advertising agencies (Consultant agencies)

PCG 607 - Purchases of "merchandises" (spaces incl.)	
PCG 707 - Sales of "merchandises" (spaces incl.)	
PCG 704 - Works	Sales of goods and services incorporated into other goods or services invoiced to clients.
re- 706 - Services	
	- Charges : commissions on businesses which are directly settled between client and supplies, the advertising agency having provided a service corresponding to its ordinary main activity.
	- Fees : invoices for consultancy.

2 - Advertising medium

604	Purchases of services : purchases of subcontracted spaces
706	Services : sales of spaces

Medias will not produce commercial margins but a production through PCG 706

Fiscal categories : i.e. corresponding lines of the business-Tax form

Line "FC" corresponds to sales of "merchandises" but the fiscal definition covers goods and not services.

C 23	OTHER PURCHASES INCORPORATED (SUBCONTRACTING EXCLUDED)
C 24	INVENTORY CHANGES IN RAW MATERIAL AND OTHER SUPPLIES

Statistical definition

The "other purchases incorporated" (subcontracting excluded) are a peculiar input of the production process. They consist of the sole goods (stored or not) which will be destroyed in the production process or incorporated in more elaborated products. Incorporated subcontracting is out of this item.

This item is specific to statistical analysis and does not appear as concept in any other information system (ESA, PCG).

Isolating such a category means that an individual box be created for purchases of raw materials and supplies be incorporated in production process.

Macro Economic Definition (ESA 95)

Diluted in intermediate consumption.

Accounting Definition

No special item, but it can be obtained by summing up the following accounts

PCG 601	stored purchases of raw material
602	stored purchases of other supplies
606	non stored purchases of raw material and other supplies
(-) PCG 6091/6092/6096	Discount

PCG 6031	Inventory changes in raw materials
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PCG 6032	Inventory changes in other supplies
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The pricing is the price invoiced

- recoverable taxes
- + custom duties on importation (border price)
- discounts

Fiscal categories : i.e. corresponding lines of the business-tax form

Difficult : Parts of several lines have to be put together.

**C 25 INCORPORATED
SUBCONTRACTING****Statistical definition**

The statistical definition of Incorporated Subcontracting corresponds exactly to PCG accounts 604 and 605 which concern exclusively the subcontracted goods and services which are directly incorporated in the production process of works and products.

Considering that limitation to what is directly incorporated refers to the concept of industrial margin (or production margin). The industrial margin is a gross margin on industrial operations which finances other charges considered as overhead expenses : labour cost, equipment depreciations, financial charges, external services (general subcontracting included) - see GPS record.

Macro Economic Definition (ESA 95)

Nothing.

Accounting Definition

There is several accounts for subcontracting :

- 60 Purchases
 - 604 P. of studies and services
 - 605 P. of material, equipments and works
- 61 External services
 - 611 General subcontracting

Subcontracted goods and services which are incorporated in the production process, have to be charged to the debit of PCG 604 and 605. Other subcontractings are classified in PCG 611.

Fiscal categories : i.e. corresponding lines of the business-tax form

Line FW includes incorporated subcontracting among a lot of other operations entitled "other external purchases and charges".

C 26 EXTERNAL STAFF**Statistical definition**

The aim of C26 is to record the cost of temporary and lent labour force.

It refers to intermediate consumption and not to labour cost.

Macro Economic Definition (ESA 95)

The macro economic labelling is not exactly the same, but the target is identical and those expenditures are classified as intermediate consumption.

Accounting Definition

The PCG 621 "External staff" has two subdivisions :

6211 temporary

6214 lent or ESAonded labour force

PCG groups together internal and external staff in a unique "People Employed".

PCG 6211 and 6214 do not appear in synthesis documents but they are part of item "other purchases and external expenditures".

Fiscal categories : i.e. corresponding lines of the business-tax form

"YU" corresponds to PCG 621 but with exclusion of employees who are not directly paid by the enterprise.

Statistical definition

From an economic point of view, leasing is defined in the same way in statistics, in macro-economics (ESA 95) and in micro-economics (PCG).

But leasing fees are viewed by statisticians and accountants as intermediate consumption like rentings. National accounts on the contrary consider leasing operations as credit acquisition of durable goods.

Macro Economic Definition (ESA 95)

Leasing operation is a credit acquisition of durable goods.

Accounting Definition (PCG) :

Before becoming owner of leased goods, the user pays rents or fees.

Leasing rents paid by the user during the tenure period are part of operating expenditures and recorded as such under PCG 612 "Leasing fees", which is subdivided in two parts :

- 6122 Financial leasing
- 6125 Equipment leasing

Additional informations are requested in annex by accounting regulation.

Fiscal categories : i.e. corresponding lines of the business-tax form

- Line "HP" = PCG 6122
- Line "HQ" = PCG 6125

C 28 OTHER EXTERNAL CHARGES**Statistical definition**

This item groups together all purchases of services not already included in a previous one and which are intermediate consumptions. It is indeed a residual item.

Macro Economic Definition (ESA 95)

There is no specific mention in ESA 95 for "other external charges". Referring to purchases of services, they are counted as intermediate consumption without any peculiar mark.

Accounting Definition

The other external charges are enumerated in PCG accounts 61 and 62 which corresponds to C 28 plus

PCG 612	Leasing fees (see C 27)
PCG 621	External staff (see C 26)

Among the other items :

General subcontracting, Renting, Maintenance, Repairs, Studies, Researchs, Go-between fees, Advertising, Transports, Missions, Mail, Bank and other miscellaneous external charges.

Fiscal categories : i.e. corresponding lines of the business-Tax form

The line "FW" does include the other external charges, and, to isolate the specific amount, the only solution is to subtract from line "FW".

The lines	HP and HQ	:	leasing fees
and	YU	:	external staff.

**C 29 TAXES AND DUES
LINKED TO PRODUCTION**

Statistical definition

Compulsory transfers without counterpart to public administrations or community institutions which are based on production, importation of goods and services, and ownership or use of production factors.

There is no connexion with any profit or income.

Macro Economic (ESA 95) : no difference

Two categories : i.e. corresponding lines of the business-tax form i.e. corresponding lines of the business-tax form

- Taxes on products

- { • VAT and the like
- { • on importation, VAT excluded
- { • others

- Other production taxes.

Accounting Definition : no difference

PCG n° 63 has the same title and is splitted in :

- Taxes, dues and similar on earnings
- Other taxes and dues

Fines and fiscal penalties belong to 6712 wich is devoted to exceptionnal charges.

Fiscal categories : i.e. corresponding lines of the business-tax form

FX = PCG 63

HE = PCG 6712

C 30	LABOUR COST
C 31	WAGES & SALARIES
C 32	EMPLOYER'S SOCIAL CONTRIBUTION

Statistical definition

- C30 LABOUR COST includes C31 and C32
- C31 WAGES and SALARIES represent all compensations given to employees before deduction of their own contribution to social ESAurity and income tax.
- C32 EMPLOYER'S SOCIAL CONTRIBUTION covers all contributions to social ESAurity, mutual insurances, pension funds, unemployment insurances... in favour of employees.

C30 corresponds exactly to the accounting definition and so should include the compensation given to the owner operator.

Macro Economic Definition (ESA 95) : no difference

Accounting Definition (PCG) :

Account numbers

641	Wages and salaries]	C31
644	Owner operator compensation		
645	Contribution to social ESAurity and reserve fund]	C32
646	Social contribution for awner operator		
647	Other social charges		
648	Other labour cost to be distributed between C31 and C32		

Fiscal categories : i.e. corresponding lines of the business-tax form

"FY" = C31

"FZ" = C32

**R 22 PRODUCTION SOLD
(GOODS AND SERVICES)**

Statistical definition

Sales to third party of goods and services resulting from a production process, i.e. produced by industrial manufacturing or services supplying.

Those sales do not concern sales of "marchandises", i.e. sales of goods and services purchased for resale.

Production sold is part of the production, that is to say part of the value of goods and services produced (and sold or stocked or capitalized).

There is no difference in evaluation between statistical surveys and accounting rules (PCG).

Macro Economic Definition (ESA 95)

No definition.

Accounting Definition (PCG) :

There is no definition of a concept like "production sold" but the expression is frequently used in synthesis documents and particularly in "operating balance models".

In the developed accounting system, "production sold" is defined as sum of sales of (except "marchandises") works and services. Net partial incomes on long term operations are excluded. So the components list in PCG is as following :

- 701 Sales of ended products
- 702 Sales of intermediate products
- 703 Sales of scrap products
- 704 Works
- 705 Studies
- 706 Services
- 708 Additionnal activities
- (-) 709 Discount

Remark : Some services classified in 706 and 708 could be viewed as "marchandises" by statisticians and should be excluded as such, from the production sold

Fiscal categories ; i.e. corresponding lines of the business-tax form

Similar to PCG approach :

Line FF (goods) = PCG 701 + 702 + 703 (-) 709

Line FI (services) = PCG 704 + 705 + 706 + 708 (-) 709

Same remark as above.

"Net Turnover" is the title of line "FL" = FC sales of "merchandises"
+ FF production sold of goods
+ F1 production sold of services

The concept of Enlarged Turnover : Income from Ordinary activities

Accounting Definition

The National Accounting Council considers that for a more consistent information, some enterprises, in particular those already quoted or preparing an application to be quoted on the stock exchange, should publish in the annex their ordinary products amount.

Statistical definition

The Community structural statistics will require a similar indicator.
If not directly provided by firms, that indicator could be derived by summing
PCG 70 + 73 + 74 + 75 + 76 :

Sales of goods, services and "merchandise"

- + Net partial incomes on long term
- + Operating subsidies
- + Other ordinary products
- + Financial products

From fiscal declarations :

- FL . Net turnover
- + FO Operating Subsidies
- + FQ Other products
- + GJ Profit sharing
- + GK shareholding revenues
- + GL Other interests
- + GO Net products on transfers of shares

The Enlarged Turnover sounds like Turnover in economics but it covers all resources producing cash and accounted in current products.

It excludes stored and capitalized productions which are not generating cash.

R 32 PRODUCTION STORED**Statistical definition**

The production stored covers inventory changes in products in process and finished products. Products in process include services (studies, service provisions).

The statistical definition is based on the accounting one and therefore deviate from the macro-economic concept which excludes services in process, civil engineering works not yet transferred from the producer to the client, and which values stocks at a basic price including the producer benefit (organist PCG).

Macro Economic Definition (ESA 95)

Inventory changes = + stock in flow
 - stock out flow
 - current losses

Coverage • raw material and supplies
 • works in process
 • finished products
 • goods for resale

Accounting Definition

PCG 713 Inventory changes
 7133 Goods in process
 7134 Services in process
 7135 Products (intermediate, finished, scrap)

Fiscal categories : i.e. corresponding lines of the business-Tax form

Line "FM".

R 33 CAPITALIZED PRODUCTION**Statistical definition**

The definition is the same in statistics, in accounting and in macro-economics (with the exception of preliminary expenses which are viewed as intangible assets by PCG and operating expenditures by economic analysis).

"Capitalized production" in statistical survey is defined as cost of works done by an enterprise for itself, which means production for oneself of intangible or tangible asset.

A current wording is "self-equipment".

Macro Economic Definition (ESA 95)

ESA 95 details three categories

- market production
- production for own use
- other non market production.

The production for own use includes goods and services which are stored for final consumption by the same enterprise or for investment by the same local economic activity unit. The latter use corresponds to "capitalized production" concept.

Valuation : basic price of similar products on the market.

Accounting Definition

PCG 72
 721 Intangible assets
 722 Tangible assets

Fiscal categories : i.e. corresponding lines of the business-Tax form

Line FN.

R 39 OPERATING SUBSIDIES**Statistical definition**

Resources given by state, public or third parties to counterbalance a shortage of some operating resources or to balance some operating expenditures.

The statistical definition matches the accounting one.

Macro Economic Definition (ESA 95)

"Operating subsidies are current transfers without counterpart to market producer from public administrations or community institutions, in the frame of social and economic policy in order to influence production levels, prices and/or guarantee adequate compensations to production factors".

ESA details

- products subsidies (imports/others)
- other subsidies

Accounting Definition

PCG 74

Fiscal categories : i.e. corresponding lines of the business-Tax form

Line FO.

VP VALUE OF PRODUCTION
France EXCEDENT BRUT DE PRODUCTION
(Gross Production Surplus)

Statistical definition

The value of production is a useful intermediate balance for comparisons between enterprises with or without subcontracting.

"Value of Production" is the title proposed in the draft Community regulation on business structural statistics.

Considering that it is a true margin, French statisticians adopted another expression "Excédent brut de production" which is more expressing a margin concept.

Furthermore French statisticians will call "valeur nette de production" (Net value of production) the sum [turnover + production stored + production capitalized], which is similar to the "market production" of macro economists.

Anyway, by isolating, for analysis needs, the "commercial margin" concept, one can better see the economic meaning of the value of production (ESA 95), calculated after subtraction of material, supplies and incorporated subcontracting costs.

Debit	Credit
<ul style="list-style-type: none"> • Purchases of goods and services for resale • Inventory changes in goods and services for resale <p style="text-align: center;">COMMERCIAL MARGIN</p>	<ul style="list-style-type: none"> • Resales
<ul style="list-style-type: none"> • Stored purchases of raw material and other supplies • Non stored purchases of materials and other supplies • Inventory changes in materials and supplies • Incorporated subcontracting <p style="text-align: center;">VALUE OF PRODUCTION</p>	<p style="text-align: center;">COMMERCIAL MARGIN } <div style="display: flex; justify-content: space-between; align-items: center;"> <div> <ul style="list-style-type: none"> • Production sold • Production stored • Production capitalized </div> <div style="text-align: right;"> <p>Net Value of production</p> </div> </div> </p>

Macro Economic Definition (ESA 95)

No definition. That concept is essentially used in micro-economics.

Accounting Definition

PCG doesn't use the expression, but the concept of value of production is identical to what is named "Production Margin" or "Margin Manufacturing" in analysis comments.

**VAMP GROSS VALUE ADDED
AT MARKET PRICES**

Statistical definition

This item has the same meaning both in statistical, in macro-economic (ESA 95) and in micro-economic analysis (PCG). It represents the value created by an enterprise through the production process during the period in review. That value is the primary source of profits to be shared by different factors.

It is calculated as a balance of production and intermediate consumption of goods and services

Debit	Credit
C 23 other purchases incorporated C 24 inventory changes in raw material and supplies C 25 subcontracting incorporated C 26 external staff C 27 leasing fees C 28 other external costs <div style="border: 1px solid black; padding: 5px; margin-top: 10px; text-align: center;"> Gross* value added at market prices </div>	Commercial margin [R 21 - C 21 - C 22] Production sold R 22 Production stored R 32 Production capitalized R 33

* Gross i.e. before depreciations of the period

The valuation basis is the same in statistics as in business accounts :

Production sold	: sale price VAT excluded
Production stored, capitalized	: production costs
Intermediate consumption	: original purchase prices

There is a substantial deviation from ESA 95 which is based on market prices at the time of operation. So intermediate consumption prices are taken at the consumption day instead of the purchase day.

Macro Economic Definition (ESA 95)

Value added is a central concept in the macro-economic analysis of National Accounts ESA 95 frequently refers to.

Accounting Definition

The value added is a valuation instrument and reference for several aspects :

1 - It represents the effective economic importance of an enterprise, more than the turnover, and it is both :

- a good size criterium
- a development indicator

2 - The value added is closely related to the enterprise structure and to the operating process which commands the balance between internal and external costs : replacing internal by outsourced production, for instance, will increase the consumption of goods and services and reduce the value added as a result.

Finally, value added is not a management concept as production level but a true analysis instrument. As such it is highly ranked in the list of indicators, balances and ratios which are basic in financial analysis.

Fiscal categories : i.e. corresponding lines of the business-Tax form

Line FO.

VAFC GROSS VALUE ADDED AT FACTOR COSTS

Statistical definition

In statistical surveys, this concept means the gross revenue resulting from production operating (taking in account public taxes and subsidies) which allows compensations to labour and capital factors. In accounting it is calculated as following :

$$\begin{array}{rclcl}
 \text{VAFC} & = & \text{VAMP} & + & \text{R 39} & - & \text{C 29} \\
 \text{Gross value added} & & \text{Gross value added} & & \text{operating} & & \text{Taxes and dues} \\
 \text{at factor costs} & & \text{at market prices} & & \text{subsidies} & & \text{linked to production}
 \end{array}$$

Its economic meaning is expressed by the formula :

$$\begin{array}{rclcl}
 \text{VAFC} & = & \text{C 30} & + & \text{GOS} \\
 & & \text{Labour cost} & & \text{Gross operating} \\
 & & & & \text{surplus}
 \end{array}$$

Macro Economic Definition (ESA 95)

ESA doesn't use that concept, but it could be derived from the value added at basic prices by subtracting "other taxes" and by adding "operating subsidies".

Differences in some taxes and subsidies treatments create deviations between macro-economic and statistical definitions.

ESA 95		Statistic	
Debit	Credit	Debit	Credit
Intermediate consumption (at purchase price)	Production (at invoice price)	Intermediate consumption VALUE ADDED "at market prices"	VP Value of production
	(-) Product taxes (+) Product Subsidies		VALUE ADDED at market prices
VALUE ADDED at basic prices			
	VALUE ADDED at basic prices		
Other taxes on production VALUE ADDED at factor costs	Other subsidies on production	Taxes and dues linked to production VALUE ADDED at factor costs	Operating subsidies

Differences essentially derive from ESA 95 basic prices.

Accounting Definition

There is no specific item in PCG but the National Accounting Council comments in a way similar to the statistical definition.

GOS GROSS OPERATING SURPLUS

Statistical definition

The Gross operating surplus is the pay-off resulting from production activities which allows the enterprise to pay returns to corporate assets, stockholder's equity and borrowed capital, to pay income tax and to finance its development partly or totally.

It represents the first indicator of gross profitability for consistent comparisons between enterprises. It is indeed not influenced by the origin and the type of return of corporate assets which support production.

Macro Economic Definition (ESA 95)

The operating account shows how much the value added can finance labour cost, and taxes less operating subsidies. It measures the operating surplus which results from production before taking in account financial interests, rents or charges linked to financial or corporate assets.

The operating surplus means the revenue the enterprises draw by using their production assets.

Accounting Definition

Value Added	(See VAMP)
+ Operating subsidies	PCG 74
- Taxes, dues and similar	PCG 63
- Labour costs	PCG 64
= Gross Operating Surplus	

The Gross Operating Surplus is considered as the first valuation of profit derived from production and trade.

Vital resource the enterprise draws from its activity to be transformed in cash.

The main component of its financing capacity.

Fiscal categories : i.e. corresponding lines of the business-Tax form

Line FO	=	PCG 74
Line FX	=	PCG 63
Line FY	=	PCG 64
Line FZ	=	PCG 64