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***Glossary of enterprise statistics:
Preface***

Document by D. Gerardi, C. Roques, A. Bronda, V. Radermacher

PREFACE

Abstract

The writing of a glossary, which represents a major methodological task, goes far beyond a mere alphabetical arranging of basic terms. Two main reasons justify this assessment :

- on the one hand, the reader is able to read the glossary independently as an autonomous methodological source. In creating a series of cross-references, the authors allow the reader to get a better and wider understanding of a particular term. This enables him to choose his own pace to go through the glossary, particularly thanks to the hypertext approach;
- on the other hand, the glossary will establish a common language between statisticians and business operators.

The glossary contribution to methodology covers three main aspects:

1) Selected sources and terms

a) Sources

Priority is given to the integration of variables from the methodological general framework on enterprise statistics, variables extracted from the general framework for services and industry and also variables from annexes 1,2, and 3 of the draft regulation on structural business statistics. Besides, this glossary took also into consideration other sources in order to get a much more accurate definition for certain terms or variables. These sources were especially the ESA and the SNA.

b) Terms

The glossary is essentially composed of variables (necessary for further data collection) and of terms related to the field of enterprise statistics (without considering terms which have a strictly economical or statistical meaning such as price indices, demand or supply).

2) The implemented classification through :

- a system of cross-references, which link all related terms
- a project of parallel classification by criteria with a coding system has been started

3) Specific Solutions to methodological problems

as for instance, Sales and Turnover definitions, differences in the terminology according to the chosen language, differences between the term "Industry" in English and "branche d'activité" in French.

Conclusion

By presenting this version of the glossary to the Voorburg Group we call on members experiences for main reactions: a detailed methodological contribution could be communicated by written procedure. -

Furthermore we would be extremely interested in knowing if similar glossaries have already been published in any of the countries represented in the Voorburg group and in such a case we would be grateful if a copy could be sent to us.

Introduction

The authors of the *Glossary of Enterprise Statistics* felt the need to go beyond a plain and simple presentation of a glossary to the Voorburg Group. They felt indeed that the mere conception of producing such a glossary would represent valuable methodological contributions to the field of enterprise statistics. The authors hope that by bringing to light their experiences regarding methodological problems could prevent users from being misled and at the same time improve the reputation and quality of a glossary.

Paradoxically, although every reader is conscious of the necessity there is, whilst reading a technical document to have a glossary with clearly defined terms, once the reader becomes a writer he perceives the glossary as a mere necessity rather than as an essential tool.

A glossary is often confronted with two types of criticism:

- ☞ it is after all only a "collage" of definitions from other existing sources
- ☞ it defines some terms and at the same time introduces numerous new ones to define.

Contrary to the generally accepted idea, the compilation of a glossary does not consist in merely collecting and rearranging existing definitions. This is especially the case in the field of enterprise statistics where many definitions still need to be developed, formulated and harmonized further. The glossary, which attempts to provide ample definitions for the field of enterprise statistics should therefore not restrict itself to the simple transcription of definitions found here and there in different reference manuals. On the contrary, the writing of a methodological glossary opens up the opportunity to enrich Eurostat's *Manual of Statistics on Enterprises, chapter "General Framework"* by clarifying the terms used, imposing a necessarily rigorous view and by ensuring above all the compatibility of the reference manual with other major statistical reference sources such as with the *European System of Accounts (ESA)*.

We can only respond to the second criticism with an original approach. Indeed the formulating of definitions can be complicated when certain terms used have a wider or different meaning. This can therefore be misleading.

An efficient way of limiting the quantity of definitions and unnecessary repetitions is through the use of a system of cross-references. Prior to the drafting of the glossary, there had to be an agreement regarding the number of terms and variables to be defined. A certain number of terms and variables were selected and it was decided to use this selection as the basis for the glossary. Furthermore in order to show important links between different terms and to prevent the reader from not understanding a definition to any given term a system of cross-references was created. Therefore with the help of these cross-references a reader should always be capable of comprehending a definition. (Cross-references are marked throughout the glossary with an ⇔).

This glossary will thus enable the reader to easily understand different terms such as "activity" for instance, to link the term with "analysis by product" and "analysis by industry" and then to be able to have a global understanding of both approaches for economic analysis.

The major problem in drafting the glossary was in selecting the initial basis of terms and variables to be defined: choosing too small a number would drastically limit interest and quality of the glossary and choosing too many would reduce its clarity.

After this short introduction, the reader will be able to follow the conception of the *Glossary of Enterprise Statistics* with the outline below:

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I. Introduction to the drafting of the Glossary of Enterprise Statistics

1) Pursued goals:

- The aim of the glossary is basically to offer users with a database, which is easily accessible, composed of clearly defined, precise and harmonized definitions on the most important terms and variables from the field of enterprise statistics.
- Secondly the glossary is not merely a methodological handbook but it also enables a link between statistical language with enterprise language (particularly accounting) to be created. The glossary is therefore at its highest level a glossary of enterprise statistics.
- A third dimension has been given to the glossary by publishing in three different languages, French, English and German. It is important to note that these three versions are being written and not simply translated. The authors were indeed concerned in avoiding problems of terminology which could have resulted through a mere translation of the glossary¹. The authors wanted to stress for instance the ambiguity of concepts such as "Establishment" and "Activity".

2) Potential users

- The glossary is aimed at all institutions at European and international level who are interested in the methodology on enterprise statistics, namely the European Commission and the National statistical offices of the Member States, but also the United Nations, other international organizations (IMF, World Bank, OECD, WTO), research institutions, countries of Eastern and Central Europe (CEEC) and also newly industrialized countries.

This glossary is therefore an essential part of the "general framework of enterprises", since it clarifies in several languages notions used by different authors, relating them to and comparing them with those mentioned in the "general framework of enterprises".

II Problems encountered by the authors and possible solutions

1) The selection of terms and variables

The selection of terms and variables represented the first step in the writing of the glossary. However the selection of terms and variables could not be restricted to only those terms which had a significance in the field of enterprise statistics, since many of these terms are also linked to other fields. Therefore the selection of terms and variables was complicated, since many terms would not be meaningful if confined to our perspective alone, even though they convey a far deeper sense in other fields.

¹ The "INE" is working on a translation related to the methodology of "services" and should produce a spanish version of the glossary.

a) Selecting the sources of reference

The first source of this glossary should of course have been the "general framework of enterprises", however the latter was written parallelly with the glossary. The main sources of the glossary included the general framework services, the first draft outline of the general framework for industry and the annexes 1, 2 and 3 of the draft regulation on structural business statistics. The selection of terms was based mainly upon these different sources.

As far as the choice of definitions is concerned, the glossary as a priority uses the variables analysed in the general framework for services and in official notes, common to the service and industry sections of Eurostat. The majority of these definitions are compatible with definitions employed in the European System of Accounts (ESA) and the System of National Accounts (SNA). However, giving priorities to certain sources is not sufficient: a choice still has to be made between various conceptions for a particular term. The terms "Sector of activity" for instance, is not used directly in the SNA but its meaning is included in a broader definition under the term "Industry". In the ESA, reference is made to the term "Sector" but in what's concerning the "Institutional sector".

It is necessary to mention the ambiguity of the term "secteur d'activité", which is perceived as being rather general by some Eurostat statisticians (c.f. II, 3). In this case, the glossary decided to mention the term, to explain its methodological subtleties and to make intersecting references with "Industry" in English and "Activité" in French.

b) Closing the matter of methodological debates

As the general framework of enterprises is in the process of being written, work which has been made in the formulation of definitions for the glossary is used for establishing guidelines for the general framework. Guidelines given also have to be compatible with the different sectoral chapters (banking, insurance, distributive trade, audio-visual, HORECA etc.).

The authors of the sectoral chapters sometimes suggested to include new terms into the general framework of enterprises. The author of the chapter on distributive trade, for instance, wanted to incorporate the definition of "leasing" into the general framework to increase the accuracy of his conception of the term "investment" and its compatibility with accounting norms. This proposal has not been taken into consideration as it was decided to harmonize the differences between (what was not common to) the global framework and the sectoral chapters. The question which then arises is whether the glossary should be the spearhead of methodological revisions or whether it is confined merely to methodological agreements preceding it.

In a second step, following the same methodological approach, sectoral glossaries should be developed.

c) Determining the important terms for the glossary

If the authors of the glossary limited themselves to making a list of the undefined terms of a manual to be defined and classified, the glossary would be useless. We have thus selected those terms that have a particular importance towards meeting the aim that we have set. The authors at the beginning considered 277 terms and variables in the first draft version of the glossary. They neglected for this version:

- general terms which had no specific meaning in the global framework of enterprises.
- terms which have only an explicit statistical or economical meaning (e.g. price index, economic analysis, demand and supply).
- terms which could be related to other more meaningful terms.

The authors have however systematically listed all the variables from the general framework of enterprises, since these are used for data collection.

Even after selecting and defining numerous terms and definitions debates remained. Debates arose mostly with terms with a stronger connotation in Anglo-Saxon countries (i.e. corporation, establishment...). It was however decided to integrate a few of these terms into the glossary at the request of Anglo-Saxon readers and at the same time in order to inform other users about their specific meaning.

2) *The classification of terms and variables*

An outstanding feature of enterprise statistics is the inter-penetration of different closely related fields such as economics, statistics, accounting and business and the absolute necessity to distinguish them. Indeed, the field of enterprise statistics uses terms such as group, sector, activity and product, it is absolutely necessary to always be aware of what they mean exactly. In this way the definitions of the glossary become the official reference for the interpretation of the global framework of enterprises. The classification of terms has thus become a rather delicate matter. The selection of the fields of reference for the classification of the terms is further complicated by the following points:

- a) alphabetical order vs. analogical links
- b) problems of transcription into different languages

a) Choosing between alphabetical order and analogical relations

The authors of the glossary are permanently trying to achieve two main aims: to present a text which is understandable and at the same time still coherent in spite of its method of classifying. These two aims however can sometimes be in conflict with each other. The alphabetical classification of variables and terms seems to be the clearest and easiest approach for the reader. A reader can thus use the glossary like a

dictionary. However this method leads to the separation of terms closely related to each other: for instance the terms "enterprises" and "number of enterprises".

To resolve this dilemma we have opted for two types of solutions:

- it has been decided to present the glossary in alphabetical order
- but, on the other hand
- * cross references with other terms have been introduced.
- * similar terms have been integrated together (for instance auxiliary activity, and secondary activity).
- * a project of classification by 3 or 4 digits has been started. This will enable a numeric code to be added to each definition and cross-references to a parallel classification by criteria to be made.

b) The problems of classification of the glossary resulting from its transcription into three languages/its polyglot nature

By classifying the glossary in alphabetical order in one language, it is obviously not possible to achieve the same structure for the other two language versions.

Whereas the terms "activity sector" and "activity" can be unified in the French glossary, it is not possible to bring them together in the English glossary, as "Industry" is used to determine activity branch and at the same time sector of activity. In this case the authors have chosen to explain the reasons for these differences.

3) Some examples of discussed methodological problems

a) The ambiguous difference between "turnover" and "sales"

Certain Member States or countries outside the EU but members of the Voorburg Group use these two variables differently. Sales and turnover are however closely related to each other and could even be classed as synonyms in a wider sense: Our aim was to try to formulate the most accurate definitions and by so doing show any useful differences between both variables. After this research it appears that:

- * VAT which could have been a point of difference, is either included or excluded
- * same appears to be true for price reductions, rebates and discounts
- * both terms take only invoiced transactions into account

Therefore both terms can be considered as similar although turnover as a term is less accurate than sales, since it is used in phrases such as "staff turnover". Turnover corresponds more to a European accounting vision, rather than a American one.

b) Problems to define "secteur d'activité"

The authors of the general framework of enterprises needed to find a definition for analysis by activity by gathering statistical units, which were either enterprises or local units and having the same principal activity through reference to a activity

Nevertheless "sector" was perceived as being essential for certain Member States. The glossary enabled this problem to be solved. If we take into consideration that there was no problem in the English version: the SNA associated to the term Industry the term "branche d'activité" and something closely related to what we were looking for. It was decided to use the two types of analysis: analysis by industry and analysis by product.

For the French version it was specified that Industry could correspond to "secteur d'activité" (this term was chosen for its similarity with branche d'activité).

If the units for data collection were enterprises or local units this could correspond to "branche d'activité". If the unit was on the other hand a local KAU this could correspond to "secteur d'activité"

c) The difference between Establishment/Enterprise/ and local KAU

EU statistics use the notion of a local KAU which in an enterprise gathers what corresponds to an activity at 4 digit-level of the NACE Rev. 1.

However that notion is not familiar in Anglo-Saxon countries. It corresponds to "establishment" in a wider sense. The confusion could also result from a similarity with the enterprise. The enterprise can in some cases correspond to a unique local KAU (or establishment), but also to a unit of homogeneous production (product classification).

The glossary gave the opportunity to clarify ambiguities on such matters.

III A Hypertext presentation of the glossary as a decisive and natural development

This (paper) version of the glossary is only the first step of a "hypertext" approach which will be developed from the applications programme "Multimedia". The reader should not be misled on this matter. Choosing a presentation of the glossary with "Multimedia" should not be perceived as the result of fashion.

The glossary is already a kind of hypertext. A few practical examples will clarify this point to the reader:

- Cross references create a system in which the reader can increase his knowledge about a term with other related terms. This system is similar to the principle of a hypertext approach, which enables a great deal of related information to be extracted from a single term.
- A hypertext presentation avoids the problem arising from a classification of terms as in the (paper) version of the glossary. The hypertext presentation will allow access to be made to definitions from the original text of the global framework of enterprises (by simply clicking the word in the text).

The hypertext method thus corresponds very well to the internal logic of a glossary and represents a considerable improvement of the (paper) version of the glossary as it removes a great many methodological problems.

The Voorburg Group will be informed as soon as the glossary is available in "Multimedia" format.

Conclusion

By presenting this version of the glossary to the Voorburg Group we call on members experiences for main reactions : a detailed methodological contribution could be communicated by written procedure;

Furthermore we would be extremely interested in knowing if a similar glossary has already been published in any of the countries represented in the Voorburg group and in such a case we would be grateful if a copy could be sent to us.

GLOSSARY OF ENTERPRISE STATISTICS

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EUROPEAN COMMISSION
STATISTICAL OFFICE
OF THE EUROPEAN COMMUNITIES
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eurostat



eurostat

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GLOSSARY OF ENTERPRISE STATISTICS

GLOSSARY OF ENTERPRISE STATISTICS

AUTHORS

Dino GERARDI
Christian ROQUES
Vera RADERMACHER
Alessandro BRONDA

*"... no dictionary of a living tongue
can ever be perfect, since while
it is hastening to publication,
some words are budding,
and some falling away"*

- Samuel Johnson,
The Dictionary of English (1755)

USERS GUIDE

The Glossary of Enterprise Statistics defines 150 terms and variables from the field of enterprise statistics. Although many terms have been harmonized in recent years, much work remains to be done. The authors welcome any comments and suggestions.

The entries throughout the glossary are presented in alphabetical order and indicate the source/s used. Terms and variables printed in small capital letters and preceded by ⇨ are cross-references and appear at the end of an entry. These cross-references can be followed up in order to obtain a better understanding of a term.



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ACCOUNTING RATIOS

Ratios calculated using statistical elements or calculated aggregates providing indicators of the productivity, profitability, etc. for various sectoral activities.

There are a number of ratios that can be used to evaluate a sectoral activity. Given here are those measuring productivity, compensation of employees and the distribution of value added:

- Rate of value added: "Gross value added at market prices/Value of production"
- Per capita productivity: "Gross value added at market prices/number of persons employed"
- Hourly productivity: "Gross value added at market prices/Number of hours worked"
- Per capita remuneration: "Gross wages and salaries/Number of hours worked by wage and salary earners"
- Share of labour costs in value added: "Labour costs/Gross value added at market prices"
- Gross margin: "Gross operating surplus/Gross value added at market prices"
- Rate of financial expenditure: "Financial expenditure/Gross operating surplus"
- Investment rate: "Investment/Gross value added at market prices"

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 78

- ⇨ FINANCIAL EXPENDITURE
- ⇨ GROSS OPERATING SURPLUS
- ⇨ GROSS VALUE ADDED AT MARKET PRICES
- ⇨ GROSS WAGES AND SALARIES
- ⇨ LABOUR COSTS
- ⇨ NUMBER OF HOURS WORKED BY NON-SALARIED PERSONS
- ⇨ NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS
- ⇨ NUMBER OF PERSONS EMPLOYED
- ⇨ VALUE OF PRODUCTION

ACTIVITY

The European System of Accounts (ESA) distinguishes between three types of economic activity:

- **Principal activity:** The principal (or main) activity of a local kind-of-activity unit (local KAU) is the activity whose value added exceeds that of any other activity carried out within the same unit. The classification of principal activity is determined by reference to NACE Rev. 1, first at the highest level of classification and then at more detailed levels.
- **Secondary activity:** A secondary activity is an activity carried out within a single local KAU in addition to the principal activity. The output of the secondary activity is a secondary product.

- **Ancillary activity:** The output of an ancillary activity is not intended for use outside the enterprise. An ancillary activity is a supporting activity undertaken within an enterprise in order to create the conditions within which the principal or secondary activities of local KAUs can be carried out. Ancillary activities typically produce outputs that are commonly found as inputs into almost any kind of productive activity, small as well as large.

Economic activities are classified within the European Union with the NACE Rev. 1.

Note: The English terms "Activity" and "Industry" can be rather confusing when translated into French, since both terms correspond to one unique term: "Activité".

Source: European System of Accounts (ESA) 1995, P. 68-69

- ⇨ ANALYSIS BY INDUSTRY (FR.: ANALYSE PAR SECTEUR D'ACTIVITÉ / ANALYSE PAR BRANCHE D'ACTIVITÉ)
- ⇨ ANALYSIS BY PRODUCT
- ⇨ ENTERPRISE
- ⇨ EUROPEAN SYSTEM OF ACCOUNTS (ESA)
- ⇨ GROSS VALUE ADDED AT FACTOR COST
- ⇨ GROSS VALUE ADDED AT MARKET PRICES
- ⇨ LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)
- ⇨ NACE REV. 1

ACTIVITY CLASSIFICATION SYSTEM

- ⇨ ACTIVITY
- ⇨ CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)
- ⇨ NACE REV. 1

ANALYSIS BY INDUSTRY

The analysis by industry, is an approach for economic analysis focusing on the activity of a statistical unit. It is important to draw the line with the analysis by product.

Taking both United Nations and European nomenclatures into consideration the analysis by industry can be applied to two different groups of statistical units:

- **Enterprises and local units:** if data is collected at this level then this analysis corresponds to the French "analyse par secteur d'activité"
- **Local kind-of-activity unit (local KAU):** if data is collected at this level then this analysis corresponds to the French "analyse par branche d'activité"

Economic activities are classified within the European Union with the NACE Rev.1.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 5

- ⇨ ACTIVITY
- ⇨ ANALYSIS BY PRODUCT
- ⇨ ENTERPRISE
- ⇨ INDUSTRY
- ⇨ LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)
- ⇨ LOCAL UNIT

- ⇨ NACE REV. 1
- ⇨ STATISTICAL UNIT

ANALYSIS BY PRODUCT

The analysis by product, is an approach for economic analysis focusing on the unit of homogeneous production. The Classification of Products by Activity (CPA) is the nomenclature used at EU-level. It is important to draw the line with the analysis by industry, which focuses on the main activity of a statistical unit.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 6

- ⇨ ANALYSIS BY INDUSTRY
- ⇨ CLASSIFICATION OF PRODUCTS BY ACTIVITY
- ⇨ HOMOGENEOUS BRANCH
- ⇨ INDUSTRY
- ⇨ STATISTICAL UNIT
- ⇨ UNIT OF HOMOGENEOUS PRODUCTION (UHP)

ANCILLARY ACTIVITY

- ⇨ ACTIVITY

APPROACHES FOR ECONOMIC ANALYSIS

- ⇨ ANALYSIS BY INDUSTRY
- ⇨ ANALYSIS BY PRODUCT
- ⇨ HOMOGENEOUS BRANCH

ASSETS

- ⇨ DISPOSALS OF FIXED ASSETS
- ⇨ FIXED ASSETS

AUTONOMY OF DECISION

In order to be said to have autonomy of decision in respect of its principal function, a unit must be responsible and accountable for the decisions and actions it takes.

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III B, No 696/93 of 15.03.1993

- ⇨ INSTITUTIONAL UNIT
- ⇨ STATISTICAL UNIT

BALANCE OF PAYMENTS

The balance of payments can be defined as the income and expenditure account of a nation over a given period (usually a year). This is the equivalent to the total movement of goods, services and financial transactions between one country and the rest of the world. The balance of payments is divided up into the main parts: current account and investment and other capital transactions.

Source: The Penguin Business Dictionary, London 1990, P. 31

BREAKDOWN OF ENTERPRISES (OR LOCAL UNITS) ACCORDING TO THE NUMBER OF PERSONS EMPLOYED OR NUMBER OF HOURS WORKED

The following breakdown can be made for the various sectoral activities:

up to		persons employed	or up to		hours worked
	3			5,999	
4	to	9	6,000	to	19,999
10	to	19	20,000	to	39,999
20	to	49	40,000	to	99,999
50	to	99	100,000	to	199,999
100	to	249	200,000	to	499,999
250	to	499	500,000	to	999,999
500	to	999	1,000,000	to	1,999,999
1,000	to	4,999	2,000,000	to	9,999,999
5,000	or more	"	10,000,000	or more	"

For publications, a more aggregated breakdown must be made for the sub-sectoral activities (NACE 3 and 4 digit-level):

up to		persons employed	or up to		hours worked
	9			19,999	
10	19	"	20,000	39,999	"
20	49	"	40,000	99,999	"
50	99	"	100,000	199,999	"
100	249	"	200,000	499,999	"
250	499	"	500,000	999,999	"
500	or more	"	1,000,000	or more	"

The breakdown of enterprises according to the number of persons employed enables concentration to be assessed. If however the variable for the number of persons employed is not available, a breakdown according to the number of wage and salary earners could be made.

For some sectoral activities in which local units are very numerous (retail trade, HORECA, etc.) the breakdown according to number of persons employed or number of hours worked can be collected for local units.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 60-61

- ⇒ ENTERPRISE
- ⇒ LOCAL UNIT
- ⇒ NACE REV. 1
- ⇒ NUMBER OF PERSONS EMPLOYED
- ⇒ NUMBER OF HOURS WORKED BY NON-SALARIED PERSONS
- ⇒ NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS

BREAKDOWN OF ENTERPRISES (OR LOCAL UNITS) ACCORDING TO VALUE ADDED OR TURNOVER CLASS

For the various sectoral activities the following breakdown can be used for gross value added at market prices:

up to		60.000	Ecus
60.000	to	200.000	Ecus
200.000	to	500.000	Ecus
500.000	to	2.000.000	Ecus
2.000.000	to	5.000.000	Ecus
5.000.000	to	10.000.000	Ecus
10.000.000	to	20.000.000	Ecus
20.000.000	to	100.000.000	Ecus
100.000.000	Ecus or more		

A more aggregated breakdown must be used for the sub-sectoral activities, e.g.:

up to		200.000	Ecus
200.000	to	500.000	Ecus
500.000	to	2.000.000	Ecus
2.000.000	to	5.000.000	Ecus
5.000.000	to	10.000.000	Ecus
10.000.000	Ecus or more.		

Figures must be doubled for a breakdown by turnover.

The breakdown of enterprises by value added or turnover class, which must in both cases be measured in Ecus enables concentration to be assessed. This variable, by turnover class may also be collected for local units. The choice of breakdown by value added or turnover will depend on the sectoral activity. For sectoral activities with a homogeneous turnover (e.g. retail trade) a breakdown by turnover will be chosen; where this is not the case (e.g. Information and communication) the breakdown by value added will be chosen.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 62-63

- ⇨ ENTERPRISE
- ⇨ GROSS VALUE ADDED AT MARKET PRICES
- ⇨ LOCAL UNIT
- ⇨ TURNOVER

BUSINESS REGISTER FOR STATISTICAL PURPOSES

Register of all collection units, observation units or units of analysis, which have to be known by statisticians to organize their work on the production system. Registers in the European Union are harmonized according to the Council regulation (EEC) NA2186/93 of 22/07/93 (OJ nAL 196 of 5/08/93) should contain all enterprises, legal units responsible for them and local units depending on them, carrying out economic activities contributing to gross domestic product (GDP).

Source: English/Russian Glossary of Statistical Terms, Volume I: Business registers, P. 4

- ⇨ ACTIVITY
- ⇨ ENTERPRISE
- ⇨ LEGAL UNIT
- ⇨ LOCAL UNIT
- ⇨ STATISTICAL UNIT

BUSINESS START-UPS

- ⇨ VARIABLES CONCERNING THE CHARACTERISTICS AND DEMOGRAPHY OF ENTERPRISES (OR LOCAL UNITS)

BUSINESS CLOSURES

- ⇨ VARIABLES CONCERNING THE CHARACTERISTICS AND DEMOGRAPHY OF ENTERPRISES (OR LOCAL UNITS)

CAPITAL ASSETS

- ⇨ TANGIBLE INVESTMENTS BY TYPE

CAPITAL GOODS

- ⇨ CAPITALIZED PRODUCTION OF TANGIBLE CAPITAL GOODS
- ⇨ TANGIBLE INVESTMENTS BY TYPE

CAPITALIZED PRODUCTION

Capitalized production includes the own-account production of all goods that are retained by their producers for their own final consumption or investment. The latter includes the production of fixed tangible assets (buildings, etc.) as well as intangible assets (development of software, etc.).

Capitalized production is unsold production and is valued at basic prices estimated for similar products, or, if not available, at production cost. It can include both tangible capital goods (e.g. railway line in the case of railway enterprises) and intangible investments (e.g. a computer software). Tangible capital goods are included in "Tangible investments by type".

Capitalized production also enables "production" as defined in the national accounts to be established.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 33

- ⇨ CAPITALIZED PRODUCTION OF TANGIBLE CAPITAL GOODS
- ⇨ INTANGIBLE INVESTMENTS
- ⇨ PRODUCER
- ⇨ PRODUCTION
- ⇨ TANGIBLE INVESTMENTS BY TYPE

CAPITALIZED PRODUCTION OF TANGIBLE CAPITAL GOODS

Capitalized production of tangible capital goods includes the own-account production of all goods that are retained by their producers for their own final consumption or tangible investment.

Capitalized production of tangible capital goods forms part of both "Capitalized production" and of "Tangible investments by type".

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 34

- ⇨ CAPITALIZED PRODUCTION
- ⇨ TANGIBLE INVESTMENTS BY TYPE

CATEGORY OF SALES SPACE FOR RETAIL STORES ENGAGED IN RETAIL TRADE

In addition to the total number of stores a breakdown by class of sales space is added. These classes will be defined by the Committee referred in article 12 of the draft regulation. A first proposal could be:

- less than 120 m²
- from 120 to 400 m²
- from 400 to 1000 m²
- from 1000 to 2500 m²
- 2500 m² and more.

⇒ VALUE OF PRODUCTION

CHANGE IN STOCKS (INVENTORIES) OF MATERIALS AND SUPPLIES

Change in stocks, at purchase prices recorded exclusive of VAT, of materials and supplies. They "consist of all commodities held in stock with the intention of using them as intermediate inputs in production.

These positive or negative changes in stocks enable value added to be calculated. Products stocked for incorporation into the production process may involve either goods or services. Stocks are recorded at purchase prices if they are purchased from another unit, otherwise at production cost.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 41

⇒ CHANGE IN STOCKS (INVENTORIES)
⇒ PRODUCTION

CHANGE IN STOCKS (INVENTORIES) OF PRODUCTS HELD BY PRODUCERS

Change in stocks of the producer are measured by the value of the entries into stocks less the value of withdrawals and the value of any recurrent losses of goods held in stocks.

Stocks of the producer consists of work-in-progress, i.e. output produced that is not yet finished and is recorded in the stocks of the producer. They also include finished goods, i.e. outputs that their producer does not intend to process further before supplying them.

Positive or negative changes in stocks related to production can be very large, especially if the production cycle is longer than one year (technical design, etc.). However, for a good number of activities they are negligible or non-existent (e.g. temporary work, etc.).

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 32

⇒ CHANGE IN STOCKS (INVENTORIES)
⇒ PRODUCER

CHANGE IN USER STOCKS (INVENTORIES)

Change in user stocks are measured by the value of entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories."

Among user stocks (and the change in user stocks), the following breakdown can be made

- stocks of goods purchased for resale and subcontracting to third parties,
- stocks of raw materials and supplies.

Stocks are recorded exclusive of VAT and are recorded at purchase price if they are purchased from another unit, otherwise at production cost. Data on stocks add to the annual flows (turnover, purchases of goods and services) required to calculate value added and gross operating surplus.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 65

- ↳ CHANGE IN STOCKS (INVENTORIES)
- ↳ CHANGE IN STOCKS (INVENTORIES) OF GOODS PURCHASED FOR RESALE AND SUB-CONTRACTING TO THIRD PARTIES
- ↳ CHANGE IN STOCKS (INVENTORIES) OF MATERIALS AND SUPPLIES
- ↳ GROSS OPERATING SURPLUS
- ↳ GROSS VALUE ADDED AT FACTOR COST
- ↳ GROSS VALUE ADDED AT MARKET PRICES

CHARGES

- ↳ EXPENSES

CLASSIFICATION OF ECONOMIC ACTIVITIES

- ↳ NACE REV.1

CLASSIFICATION OF PRODUCTS

- ↳ CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)

CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)

The Classification of Products by Activity (CPA) is a statistical classification system at EU-level. Its main aim is to ensure comparability between national and Community statistics.

Products are defined as: transportable and non-transportable goods and services.

The CPA comprises of:

- Sections (alphabetical code)
- Subsections (two-character alphabetical code)
- Divisions (two-digit numerical code)
- Groups (three-digit numerical code)
- Classes (four-digit numerical code)
- Categories (five-digit numerical code)
- Subcategories (six-digit numerical code)

The sections of the CPA are broken down as follows:

- A Products of Agriculture, Hunting and Forestry
- B Fish
- C Products from Mining and Quarrying
- D Manufactured products
- E Electrical Energy, Gas, Steam and Hot Water
- F Construction work
- G Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods
- H Hotels and Restaurant services
- I Transport, Storage and Communication services
- J Financial Intermediation services
- K Real Estate, Renting and Business services
- L Public Administration and Defence; Compulsory social Security services
- M Education services
- N Health and Social
- O Other Community, Social and Personal services
- P Private Households with Employed Persons
- Q Services provided by Extra-Territorial Organizations and Bodies

Source: Council Regulation on the statistical classification of products by activity (CPA) in the European Economic Community, No. 3696/93

⊖ ANALYSIS BY PRODUCT

CLASSIFICATION SYSTEMS

- ⊖ NACE REV. 1
- ⊖ CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)

COMPLETE SET OF ACCOUNTS

- ⊖ INSTITUTIONAL UNIT

CONSUMPTION

- ⊖ INTERMEDIATE CONSUMPTION

CONTROL OF SERVICE ENTERPRISES BY NON-RESIDENTS

An enterprise from country A is said to be controlled by residents of country B if one or several legal or natural persons of country B either own more than 50% of its equity capital or have the power to name a majority of its directors.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, (GATS agreement)

- ⊖ ENTERPRISE

CORPORATION

A corporation is defined as a legal entity, created for the purpose of producing goods or services for the market, that may be a source of profit or other financial gain to its owner(s); it is collectively owned by shareholders who have the authority to appoint directors responsible for its general management.

Source: System of National Accounts 1993, (4.23), P. 90

- ⇨ LEGAL UNIT
- ⇨ STATISTICAL UNIT

COST OF SELLING

Cost of selling consists of advertising expenses, transport of goods, traveling expenses, hotel accommodation, entertaining expenses and other expenses related to the selling of goods (payments for agency workers included).

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 13 42 0

- ⇨ OPERATING EXPENSES
- ⇨ PAYMENTS FOR AGENCY WORKERS

COSTS

- ⇨ GROSS VALUE ADDED AT FACTOR COST
- ⇨ LABOUR COSTS

CPA

- ⇨ CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)

CURRENT OPERATING EXPENDITURE

- ⇨ EXPENSES
- ⇨ FINANCIAL EXPENDITURE

CURRENT OPERATING INCOME

- ⇨ FINANCIAL INCOME
- ⇨ OTHER OPERATING INCOME

DEMOGRAPHY

- ↳ VARIABLES CONCERNING THE CHARACTERISTICS AND DEMOGRAPHY OF ENTERPRISES (OR LOCAL UNITS)

DEPRECIATION

Accounting recognition of an asset's loss in value due to wear and tear, age, obsolescence etc. Since this loss of value is difficult to measure, depreciation usually involves distributing the value of normally depreciable goods over a period corresponding to their probable useful life. This distribution takes the form of an amortization plan, which may be calculated in various ways.

Source: English/Russian Glossary of Statistical Terms, Volume 1: Business accounting, P. 9

DISPOSALS OF FIXED ASSETS

Sales of fixed assets are valued at the price actually received (excluding VAT) and not at book value. Disposals of assets resulting both from tangible investments and intangible investments are recorded. A distinction must however be made between disposals of tangible investments and disposals of intangible investments.

The balance of acquisitions and disposals of fixed assets enables the investment of the unit or sectors of activity during the course of the reference year to be measured.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 51

- ↳ FIXED ASSETS
- ↳ INTANGIBLE INVESTMENTS
- ↳ TANGIBLE INVESTMENTS BY TYPE

DISPOSALS OF SHARES AND PARTICIPATING INTERESTS

This characteristic comprises the value of shares and participating interests held as fixed assets by the unit, sold during the reference year.

Sales of shares and participating interests are valued at the price actually received, and not at book value, after deducting any costs of ownership transfer incurred by the seller.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15 62 0

DIVIDENDS

This heading covers dividend payments to shareholders.

Owners of shares receive property income as a result of placing funds at the disposal of corporations.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 32 0, European System of Accounts (ESA) 1995, P. 127

⇨ CORPORATION

DUTIES AND TAXES (OTHER THAN VAT) LINKED TO PRODUCTION

The duties and taxes linked to production other than VAT are compulsory, unrequited payments, in cash or in kind which are levied by general government, or by the Institutions of the European Union, in respect of the production and importation of goods and services, the employment of labour, the ownership or use of land, buildings or other assets used in production. these taxes are payable whether or not profits are made.

They consist of duties and rights on imports, duties on products directly linked to the volume of transactions and duties that represent fixed costs. This heading also includes, in particular excise duties and consumption taxes; stamp taxes on the sale of specific products; taxes on financial and capital transactions; car registration taxes; taxes on entertainment; taxes on lotteries, gambling and betting; taxes on insurance premiums; etc.

Source: Methodological manual of statistics on service enterprises, chapter 'General Framework', Version 2, P. 45

⇨ PRODUCTION
⇨ VALUE ADDED TAX (VAT)

ECONOMIC ACTIVITY

⇨ ACTIVITY
⇨ NACE REV. 1

ECONOMIC TERRITORY

The term economic territory is defined as the geographic territory administered by a government within which persons, goods, services and capital move freely. It includes any free zones under customs control, the national air-space, territorial waters and the continental shelf lying in international waters, over which the country enjoys exclusive rights. Economic territory also includes territorial enclaves (i.e. geographic territories situated in the rest of the world and used, under international treaties or agreements between States, by general government agencies of the country (embassies, consulates, military bases, scientific bases etc.)). Deposits of oil, natural gas, etc. in international waters outside the continental shelf of the country, worked by units resident in the territory are also defined as economic territory.

Source: European System of Accounts (ESA) 1995, (2.05), P. 33

EMPLOYERS' SOCIAL CONTRIBUTIONS

Employers' social contributions correspond to an amount equal to the value of the social contributions incurred by employers in order to secure for their employees the entitlement to social benefits.

Employers' social contributions may be broken down into:

- "Employers' **actual** social contributions consist of the payments made by employers for the benefit of their employees to insurers (social security funds and private funded schemes). These payments cover statutory, conventional, contractual and voluntary contributions in respect of insurance against social risks or needs.
- "Employers' **imputed** social contributions represent the counterpart to unfunded social benefits (less eventual employees' social contributions) paid directly by employers to their employees or former employees and other eligible persons without involving an insurance enterprise or autonomous pension fund, and without creating a special fund or segregated reserve for the purpose"

Both "actual" and "imputed" employer's social contributions are recorded under compensation of employees. Voluntary social benefits also constitute a cost for the employer.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 44

EMPLOYMENT

Employment covers all persons - both employees and self-employed - engaged in some productive activity that falls within the production boundary of the system.

Source: European System of Accounts (ESA) 1995, P. 352

- ⊖ NUMBER OF FEMALE PERSONS EMPLOYED
- ⊖ NUMBER OF PERSONS EMPLOYED
- ⊖ NUMBER OF PERSONS EMPLOYED ON A PART TIME BASIS

ENTERPRISE

The enterprise is the smallest combination of legal units that is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.

Enterprises are classified according to their main activity in the NACE Rev. 1 classification system. Only those units which actually carry out an activity during the reference period are considered. "Dormant" units or those which have not yet begun their activity are therefore excluded.

Since an enterprise has a full accounting system it is the most suitable unit for supplying all the necessary data for establishing value added and gross operating surplus.

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III A, No 696/93 of 15.03.1993, Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 58

- ↳ ACTIVITY
- ↳ BREAKDOWN OF ENTERPRISES (OR LOCAL UNITS) ACCORDING TO THE NUMBER OF PERSONS EMPLOYED OR NUMBER OF HOURS WORKED
- ↳ BREAKDOWN OF ENTERPRISES (OR LOCAL UNITS) ACCORDING TO VALUE ADDED OR TURNOVER CLASS
- ↳ CONTROL OF SERVICE ENTERPRISES BY NON-RESIDENTS
- ↳ ENTERPRISE GROUP
- ↳ FORMS OF TRADING BY ENTERPRISES
- ↳ GROSS OPERATING SURPLUS
- ↳ GROSS VALUE ADDED AT FACTOR COST
- ↳ GROSS VALUE ADDED AT MARKET PRICES
- ↳ LEGAL UNIT
- ↳ NACE REV. 1
- ↳ NUMBER OF ENTERPRISES
- ↳ VARIABLES CONCERNING THE CHARACTERISTICS AND DEMOGRAPHY OF ENTERPRISES (OR LOCAL UNITS)

ENTERPRISE GROUP

An enterprise group is an association of enterprises bound together by legal and/or financial links. A group of enterprises can have more than one decision-making centre, especially for policy on production, sales and profit. It may centralize certain aspects of financial management and taxation. It constitutes an economic entity which is empowered to make choices, particularly concerning the units which it comprises.

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III C, No 696/93 of 15.03.1993

- ↳ ENTERPRISE

ENVIRONMENTAL PROTECTION EXPENDITURE

Expenditure resulting from actions and activities which have as their prime objective the prevention, reduction and elimination of pollution and any other degradation of the environment.

Actions and activities which have a favourable impact on the environment but which serve primarily other goals do not come under environmental protection. Hence, excluded from this field are activities which, while beneficial to the environment, primarily satisfy technical needs or the internal requirements for health and safety of the enterprise.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 199

- ↳ INVESTMENT IN EQUIPMENT AND PLANT FOR POLLUTION CONTROL AND SPECIAL ANTI-POLLUTION ACCESSORIES i.e. 'END-OF-PIPE' EQUIPMENT

ESTABLISHMENT

An establishment is defined by the SNA as an enterprise, that is situated in a single location and in which only a single (non-ancillary) productive activity is carried out or in which the principal productive activity accounts for most of the value added.

The term "establishment" is however not used to designate a statistical unit of the European system of business statistics, even if this term has often been used in Eurostat publications as an equivalent to the local kind-of-activity unit (local KAU).

Sources: System of National Accounts 1993, (5.21), P. 116. English/Russian Glossary of Statistical Terms, Volume I: Business registers, P. 23

- ↳ ACTIVITY
- ↳ ENTERPRISE
- ↳ LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)

EUROPEAN SYSTEM OF ACCOUNTS (ESA)

The European System of National and Regional Accounts 1995 (ESA) is an internationally compatible accounting framework for a systematic and detailed description of a total economy (region, country or group of countries), its components and its relations with other countries. Whilst the ESA is fully consistent with the SNA its main area of focus are the circumstances and data needs in the European Union. Like the SNA, the ESA is harmonized with the concepts and classifications used in many other, social and economic statistics and serves therefore as the central framework of reference for the social and economic statistics of the European Union and its Member States.

Source: European System of Accounts (ESA) 1995, P. 6

- ↳ SYSTEM OF NATIONAL ACCOUNTS (SNA)

EXPENDITURE

- ↳ FINANCIAL EXPENDITURE

EXPENSES

- ↳ FINANCIAL EXPENDITURE
- ↳ PERSONNEL EXPENSES
- ↳ OPERATING EXPENSES

EXPORTS

- ↳ INTRA-EU DELIVERIES AND EXTRA-EU EXPORTS

FINANCIAL CONTROL

⇒ AUTONOMY OF DECISION

FINANCIAL EXPENDITURE

Financial expenditure consists of interests paid and similar charges.

The interests paid correspond to the remuneration in respect of certain financial assets (deposits, bills, bonds and credits) characterised by the payment at predetermined dates of a fixed percentage of the nominal value of the asset. They comprise notably: interest on debenture loans (and other types of loans), trade credit and credit of current account creditors, etc.

Financial expenditure may also include accrued income agreed with clients and currency losses (losses on exchange markets).

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 46

⇒ FINANCIAL INCOME
⇒ FINANCIAL SURPLUS

FINANCIAL INCOME

Financial income comprises of products deriving from equities (dividends), interests and similar income received.

Products deriving from equities are incomes received from other corporate enterprises of which the unit holds the total or part of its capital. These incomes correspond to dividends and other incomes distributed by the corporate enterprises to the owners of their capital.

Interests and similar income received are interests relating to short or long term bank deposits, income from loans and bonds, interests on agreed loans and debts of current account debtors, trade credits, etc.

Financial income may also include accruals and deferred income from suppliers, currency gains (profits on exchange markets).

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 36

⇒ FINANCIAL EXPENDITURE
⇒ FINANCIAL SURPLUS

FINANCIAL SURPLUS

Financial surplus is the balance between financial income ("dividends, interests and similar income received") and financial expenditure ("interests paid and similar charges").

Financial surplus is defined as follows:

	Financial income
-	Financial expenditure
=	Financial surplus

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 70

- ↳ FINANCIAL INCOME
- ↳ FINANCIAL EXPENDITURE

FIXED ASSETS

- ↳ DISPOSALS OF FIXED ASSETS
- ↳ GROSS FIXED CAPITAL FORMATION
- ↳ TANGIBLE INVESTMENTS BY TYPE

FIXED PRODUCTION

- ↳ CAPITALIZED PRODUCTION

FORMS OF TRADING BY ENTERPRISES

The form of selling of the local unit(s) of the enterprise can be classified into one or several of the proposed classes:

- Trading in stores
- Trading through fixed market stands and/or stalls
- Itinerant trading
- Mail-order selling
- Other forms of trade

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994

- ↳ ENTERPRISE
- ↳ ITINERANT TRADING
- ↳ LOCAL UNIT
- ↳ MAIL-ORDER SELLING
- ↳ OTHER FORMS OF TRADE
- ↳ TRADING IN STORES
- ↳ TRADING THROUGH FIXED MARKET STANDS AND/OR STALLS

GOODWILL

In an established company, goodwill represents a capital asset which it has not been possible to evaluate and enter separately in the balance sheet. It helps to maintain or extend the company's trading potential. E.g. customer, trade, name, style, market shares, networks, customer files etc.

Source: English/Russian Glossary of Statistical Terms, Volume I: Business registers, P. 10

⇨ GROSS INVESTMENT IN GOODWILL ACQUIRED FOR VALUABLE CONSIDERATION (GROSS OF VALUE ADJUSTMENTS)

GROSS FIXED CAPITAL FORMATION

Gross fixed capital formation consists of resident producers' acquisitions, less disposals of fixed assets during a given period plus certain additions to the value of non-produced assets realized by the productive activity of producer or institutional units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year.

Source: European System of Accounts (ESA) 1995, P. 92

- ⇨ INTANGIBLE INVESTMENTS
- ⇨ PRODUCTION
- ⇨ TANGIBLE INVESTMENTS BY TYPE

GROSS INVESTMENT IN CONCESSIONS, PATENTS, LICENCES, TRADE MARKS AND SIMILAR RIGHTS (GROSS OF VALUE ADJUSTMENTS)

The value of rights which limit the use of information, knowledge and know-how, to the unit who owns the rights (or to other licensed users), in so far as they may be capitalised under national laws. Included are rights both purchased and produced by the unit during the reference year, where they are intended to be used for more than one year.

These rights are valued at purchase price or production cost.

Included are the costs of purchasing licences, trademarks, patents, concessions and similar rights from third parties. As well as the cost of registering for these rights, included in the cost of rights produced by the unit, are the costs of developing the knowledge and know how and the gathering new information prior to the registration of the rights. Examples of the gathering of information and development of knowledge are the development of computer software, mineral exploration and the production of entertainment, literary and artistic originals.

Excluded are costs already included under the characteristic R & D expenditure.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15 42 0

- ⇨ TOTAL INTRA MURAL RESEARCH & DEVELOPMENT EXPENDITURE

GROSS INVESTMENT IN CONSTRUCTION AND ALTERATION OF BUILDINGS

This heading covers expenditure relating to the reference year on the construction or conversion of buildings, as well as all maintenance costs for buildings and other real property which the unit owns or rents, excluding current maintenance costs.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15 14 0

⇨ VALUE OF TANGIBLE GOODS ACQUIRED THROUGH FINANCIAL LEASING

GROSS INVESTMENT IN EXISTING BUILDINGS AND STRUCTURES

The investment includes the cost of the land on which buildings and structures are built.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15 13 0

⇨ VALUE OF TANGIBLE GOODS ACQUIRED THROUGH FINANCIAL LEASING

GROSS INVESTMENT IN GOODWILL ACQUIRED FOR VALUABLE CONSIDERATION (GROSS OF VALUE ADJUSTMENTS)

The value of capitalised goodwill purchased during the reference year.

Goodwill should be valued at the purchase price.

Goodwill acquired through mergers should be excluded.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15 43 0

⇨ GOODWILL

GROSS INVESTMENTS IN MACHINERY AND EQUIPMENT

This heading covers machinery (office machines, etc.), special vehicles used on the premises, other machinery and equipment, all vehicles and boats used off the premises, i.e. motor cars, commercial vehicles and lorries as well as special vehicles of all types, boats, railway wagons, etc.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15 15 0

⇨ VALUE OF TANGIBLE GOODS ACQUIRED THROUGH FINANCIAL LEASING

GROSS INVESTMENT IN MARKETING

Marketing is defined as all activities aimed at the enlargement or preservation of the market. It includes market research, advertising, promotion, sponsoring and public relations. These services may be provided 'in-house' in which case the investment should be calculated at production cost including labour cost, or may be bought in from third parties. Only part of these expenditures should be included as investment as the rest is really consumption expenditure. A clear demarcation of marketing expenditure between investment and consumption expenditure would probably imply a large number of filter questions. In order to reduce this problem it is proposed to make some pragmatic simplifications. Investment in marketing should be limited to long-term marketing which covers the marketing of new products, marketing costs of new market areas or segments and the marketing costs of improving the unit's strategic position.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15.44.0

GROSS INVESTMENT IN SHARES AND PARTICIPATING INTERESTS

This characteristic comprises the value of shares and participating interests held as fixed assets by the unit, purchased during the reference year.

The purchase of shares and participating interests should be valued at purchase price

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15.61.0

- ↳ FIXED ASSETS
- ↳ DISPOSALS OF SHARES AND PARTICIPATING INTERESTS

GROSS INVESTMENT IN SOFTWARE

Software is defined (by the OECD) as the mandatory set of instructions for digital instrument operations. These comprise: system software, tools software, application software. For practical purposes it is proposed to include in investment the expenditure on the purchase of both packaged and customised software, including license payments for the use of software, as well as software produced in-house. The latter should be valued at production cost and only included if its useful life is at least one year. Systems software is excluded and is assumed to be included in the tangible investment figures.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15.45.0

GROSS MARGIN

- ↳ ACCOUNTING RATIOS
- ↳ GROSS MARGIN ON GOODS FOR RESALE

GROSS MARGIN ON GOODS FOR RESALE

Also called gross trade margin, it corresponds to the return on purchase - resale without further processing activity. It is defined as follows:

$$\begin{aligned} & \text{Turnover (corresponds to the sale of goods purchased by the unit)} \\ - & \text{Purchase of goods for resale} \\ + & \text{Variations in stocks of goods purchased for resale} \\ = & \text{Gross trade margin} \end{aligned}$$

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 12.13.0

- ↳ PURCHASES OF GOODS AND SERVICES
- ↳ TURNOVER

GROSS OPERATING SURPLUS

Gross operating surplus is defined as follows:

$$\begin{aligned} & \text{Gross value added at factor cost} \\ - & \text{Labour costs} \\ = & \text{Gross operating surplus} \end{aligned}$$

Gross operating surplus measures the operating result (loss or surplus) during the reference period.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 69

- ⇨ GROSS VALUE ADDED AT FACTOR COST
- ⇨ LABOUR COSTS

GROSS ORDINARY SURPLUS

Gross ordinary surplus, which can be used as an indicator of the profitability of an enterprise is defined as follows:

$$\begin{aligned} & \text{Gross operating surplus} \\ + & \text{Financial income} \\ - & \text{Financial expenditure} \\ + & \text{Other operating income} \\ - & \text{Other operating charges} \\ = & \text{Gross ordinary surplus} \end{aligned}$$

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 71

- ⇨ GROSS OPERATING SURPLUS
- ⇨ FINANCIAL INCOME
- ⇨ FINANCIAL EXPENDITURE
- ⇨ OTHER OPERATING CHARGES
- ⇨ OTHER OPERATING INCOME

GROSS TRADE MARGIN

- ⇨ GROSS MARGIN ON GOODS FOR RESALE

GROSS VALUE ADDED AT FACTOR COST

Gross value added at factor cost is defined as follows:

	Gross value added at market prices
-	Duties and taxes linked to production other than VAT
+	Operating subsidies
=	Gross value added at factor cost

Gross value added at factor cost is a stage in the calculation of gross operating surplus. It is called a "gross" surplus because it includes depreciation costs (provisions for depreciation).

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 69

- ⇨ DEPRECIATION
- ⇨ DUTIES AND TAXES (OTHER THAN VAT) LINKED TO PRODUCTION
- ⇨ GROSS OPERATING SURPLUS
- ⇨ GROSS VALUE ADDED AT MARKET PRICES
- ⇨ OPERATING SUBSIDIES

GROSS VALUE ADDED AT MARKET PRICES

Gross value added at market prices is defined as follows:

	Turnover
+/-	Change in stocks
-	Purchases of goods and services
+	Capitalized production
=	Gross value added at market prices

Gross value added at market prices measures the contribution of the production units to gross domestic product. The value added is said to be "gross" because it includes depreciation costs.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 68

- ⇨ CAPITALIZED PRODUCTION
- ⇨ CHANGE IN STOCKS (INVENTORIES)
- ⇨ DEPRECIATION
- ⇨ GROSS VALUE ADDED AT FACTOR COST
- ⇨ TURNOVER
- ⇨ PURCHASES OF GOODS AND SERVICES

GROSS WAGES AND SALARIES

Gross wages and salaries are defined as "the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period." Gross "wages and salaries include the values of any social contributions, income taxes, etc. payable by the employee even if they are actually withheld by the employer and paid directly to social insurance schemes, tax authorities, etc. on behalf of the employee."

Gross wages and salaries do not include social contributions payable by the employer.

Gross wages and salaries include: all gratuities, bonuses, "thirteenth month payments", severance payments, lodging, transport, cost-of-living, and family allowances, tips, commission, attendance fees, etc. received by employees, as well as taxes, social security contributions and other amounts payable by employees and withheld at source by the employer.

The total for gross wages and salaries provides a basis for calculating average wages and salaries per capita or per hour worked.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 43

- ↳ NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS
- ↳ NUMBER OF WAGE AND SALARY EARNERS

HOMOGENEOUS BRANCH

The homogeneous branch consists of a grouping of unit of homogeneous production. The set of activities covered by a homogeneous branch is identified by reference to a product classification. The homogeneous branch produces those goods or services specified in the classification and only those products.

Homogeneous branches are units designed for economic analysis which cannot usually be observed directly; data collected from these units has therefore to be rearranged to form homogeneous branches. Homogeneous branches, which consist of units producing market and non-market goods and services are classified according to the Classification of Products by Activity (CPA).

Source: European System of Accounts (ESA) 1995, (2.114-2.118), P. 62

- ↳ ACTIVITY
- ↳ ANALYSIS BY PRODUCT
- ↳ CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)
- ↳ INDUSTRY
- ↳ PRODUCTION
- ↳ UNIT OF HOMOGENEOUS PRODUCTION (UHP)

HOURLY PRODUCTIVITY

- ↳ ACCOUNTING RATIOS

IMPORTS

- ↳ INTRA-EU ACQUISITIONS AND EXTRA-EU IMPORTS

INCOME

- ↳ FINANCIAL INCOME

- ⇨ INCOME FROM ORDINARY ACTIVITIES
- ⇨ INCOME FROM SUB-CONTRACTING
- ⇨ OTHER OPERATING INCOME

INCOME FROM ORDINARY ACTIVITIES

	Turnover
+	Operating subsidies
+	Dividends, interest and similar income
=	Income from ordinary activities

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 12 16 0

- ⇨ DIVIDENDS
- ⇨ OPERATING SUBSIDIES
- ⇨ TURNOVER

INCOME FROM SUB-CONTRACTING

Included in this heading should be the turnover generated by the provision of goods and services to others under a sub-contracting relationship as defined in 'Payments to sub-contractors'.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 23 12 0

- ⇨ NUMBER OF ENTERPRISES FOR WHICH SUB-CONTRACTING IS DONE
- ⇨ PAYMENTS TO SUB-CONTRACTORS
- ⇨ TURNOVER

INDUSTRY

The term "Industry" corresponds to two main terms in French: "secteur d'activité" and "branche d'activité".

The term "**branche d'activité**" corresponds to the definition given in the European System of Accounts (ESA). The ESA defines an industry as consisting of a group of local KAUs engaged in the same, or similar, kind of activity. At the most detailed level of classification, an industry consists of all local KAUs falling within a single class (4 digits) of NACE Rev. 1 and which are therefore engaged in the same activity as defined in NACE Rev. 1. Industries comprise both local KAUs producing market goods and services and local KAUs producing non-market goods and services. The classification used for grouping local KAUs into industries is the NACE Rev. 1.

Furthermore the System of National Accounts (SNA) gives the term Industry a wider meaning, which corresponds to the French term "secteur d'activité". The SNA defines an industry as consisting of a group of establishments engaged in the same type of productive activity, whether the institutional units to which they belong are market producers or not. The distinction between market and other production is a different dimension of productive - and more broadly, economic - activity

- ↳ ACTIVITY
- ↳ ANALYSIS BY INDUSTRY
- ↳ ESTABLISHMENT
- ↳ EUROPEAN SYSTEM OF ACCOUNTS (ESA)
- ↳ HOMOGENEOUS BRANCH
- ↳ KIND-OF-ACTIVITY UNIT (KAU)
- ↳ LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)
- ↳ NACE REV. 1
- ↳ PRODUCTION
- ↳ SYSTEM OF NATIONAL ACCOUNTS (SNA)

INSTITUTIONAL SECTOR

The European System of Accounts (ESA) defines an institutional sector as an aggregation of institutional units. Institutional units which have a similar type of economic behaviour are grouped together to form sectors and sub-sectors.

Criteria for assessing "similar type of economic behaviour" are:

- Type of producer:
 - private and public market producers
 - private producers for own final use
 - private and public other non-market producers
- Principal activity and function

The ESA distinguishes between following institutional sectors:

- Non-financial corporations
- Financial corporations
- General government
- Households (as consumers or entrepreneurs)
- Non-profit institutions serving households
- Rest of the world

Source: European System of Accounts (ESA) 1995, P. 37.

- ↳ ACTIVITY
- ↳ EUROPEAN SYSTEM OF ACCOUNTS (ESA)
- ↳ INSTITUTIONAL UNIT
- ↳ MARKET PRODUCER
- ↳ NON-MARKET PRODUCER

INSTITUTIONAL UNIT

The institutional unit is an elementary economic decision-making centre characterized by uniformity of behaviour and decision-making autonomy in the exercise of its principal function. A unit is regarded as constituting an institutional unit if it has decision-making autonomy in respect of its principal function and keeps a complete set of accounts.

- In order to be said to keep a **complete set of accounts**, a unit must keep accounting records covering all its economic and financial transactions carried out during the accounting period, as well as a balance sheet of assets and liabilities

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III B, No 696/93 of 15.03.1993

⇨ AUTONOMY OF DECISION

INTANGIBLE INVESTMENTS

Intangible investments typically consist of new information, specialized knowledge, etc. and comprise of the following:

- mineral exploration
- computer software and large data bases to be used in production for more than one year
- literary and artistic originals of manuscripts, renderings, models, films, sound recordings, etc.

It should be noted that there is some ambiguity in the terms: what are termed "intangible investments" are not necessarily included in investments or fixed assets of enterprises. This is the case, for example, of expenses for computer software, which, from the accounting point of view, can be for the time being be classified as expenses under "Purchases of goods and services".

Intangible investments are valued as follows:

- Computer software: by purchasers' prices when purchased on the market, while valued at its estimated basic price (or at its costs of production if not feasible) when developed in-house
- Entertainment: literary or artistic originals: valued at the price paid by the purchaser when it is sold, or if not sold, at the basic price paid for similar originals, its production costs or the discounted value of the future receipts expected from using it in production.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 75

⇨ GROSS FIXED CAPITAL FORMATION
 ⇨ PURCHASES OF GOODS AND SERVICES
 ⇨ TANGIBLE INVESTMENTS BY TYPE

INTEREST PAYMENTS

This heading covers interest payments to creditors including interest payments to all sources whether private or public. Bank charges are excluded. The part of annual payments which cover the repayment of debts are excluded.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24.21.0

INTERNATIONALIZATION

↳ VARIABLES RELATING TO MARKET SHARE AND INTERNATIONALIZATION

INTERMEDIATE CONSUMPTION

Intermediate consumption is defined as follows:

- Purchases of goods and services
- Purchases of goods and services for resale, and subcontracting to third parties
- Change in stocks of materials and supplies
- = **Intermediate consumption**

The ESA defines intermediate consumption as consisting of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. The goods and services may be either transformed or used up by the production process.

Sources: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 1, P. 38, European System of Accounts (ESA) 1995, P. 84

- ↳ CHANGE IN STOCKS (INVENTORIES) OF MATERIALS AND SUPPLIES
- ↳ PURCHASES OF GOODS AND SERVICES
- ↳ PURCHASES OF GOODS AND SERVICES FOR RESALE, AND SUBCONTRACTING TO THIRD PARTIES

INTRA-EU ACQUISITIONS AND EXTRA-EU IMPORTS

This heading includes acquisitions and imports of goods and services by service units and consist of transactions (purchases, barter, gifts or grants) from non-residents situated outside the economic territory to residents situated within the economic territory.

For reasons of simplification the term "imports" comprises of extra-EU imports and intra-EU acquisitions and concern only imports of goods and services by service units rather than total imports of service products, since these may be imported by units that do not belong to the services sector of activity.

In a first approximation the total of imports realized by the service units without any breakdown by product may be retained. Therefore the variable is of relevance only for those activities where it is supposed that the imports constitute an essential part of the product corresponding to the main activity of the unit. Similarly the variable is only relevant for a unit if there is an invoicing by a non-resident situated outside the economic territory to a resident situated within the economic territory (which, for example, is not the case for business trans). Extra-community imports and intra-community acquisitions have to be distinguished.

The European System of Accounts 1995 (ESA) defines imports in a more general way as transactions in goods and services "from residents to non-residents". There is no reference made to the 'economic territory', and expenses from business trips (valued on the bases of the Balance of Payments) form part of imports in the ESA.

It should be noted that the variable imports does not correspond to "current operating expenses", since it may, apart from operating expenses (in the sense of "Purchases of goods and services") include purchases of capital goods. For reasons of simplification this variable has been classified among operating charges.

Sources: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 48
European System of Accounts (ESA) 1995, [3.129], P. 99

- ↳ ECONOMIC TERRITORY
- ↳ EUROPEAN SYSTEM OF ACCOUNTS (ESA)
- ↳ OTHER OPERATING CHARGES

INTRA-EU DELIVERIES AND EXTRA-EU EXPORTS

This heading comprises of exports and deliveries of goods and services by services units and consists of transactions (sales, barter, gifts or grants) from residents to non-residents situated outside the economic territory.

For reasons of simplification the term "exports" includes in the following extra-EU exports and intra-EU deliveries and concerns only exports of goods and services by service units rather than total exports of service products, since these may be exported by units which do not belong to the services sector of activity.

As an initial approximation, the total exports of the production unit may be recorded without distinction between products; this variable is therefore relevant only to activities where most products exported may be assumed to have been generated by the unit's principal activity. What is more, it is relevant only to units where the goods or services are invoiced to a non-resident located outside the economic territory (which is not the case for restaurants, cafés, etc.).

The European System of Accounts 1995 (ESA) definition of exports as "transactions of goods and services from residents to non-residents" is more general and does not make reference to "economic territory". Receipts from tourism (which are valued on the basis of the Balance of Payments) are included in exports. The production units are not able to distinguish whether their sales have been made by residents or by non-residents. Therefore the above given definition is a restrictive one.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 31

- ↳ ACTIVITY
- ↳ ECONOMIC TERRITORY
- ↳ EUROPEAN SYSTEM OF ACCOUNTS (ESA)

INVENTORIES

- ↳ CHANGE IN STOCKS (INVENTORIES)
- ↳ CHANGE IN STOCKS (INVENTORIES) OF GOODS PURCHASED FOR RESALE, AND SUB-CONTRACTING TO THIRD PARTIES

- ⇨ CHANGE IN STOCKS (INVENTORIES) OF MATERIALS AND SUPPLIES
- ⇨ CHANGE IN STOCKS (INVENTORIES) OF PRODUCTS HELD BY PRODUCERS
- ⇨ CHANGE IN USER STOCKS (INVENTORIES)

INVESTMENT IN EQUIPMENT AND PLANT FOR POLLUTION CONTROL AND SPECIAL ANTI-POLLUTION ACCESSORIES i.e. 'END-OF-PIPE' EQUIPMENT

Additional technical installations for use in the context of environmental control. These installations operate independently of or are identifiable parts added to the production facilities, treat pollution that has been generated, prevent the emissions or spread of the pollutants or measure the level of pollution (monitoring). The investment is calculated by the purchase price or construction cost of the installation, including design and installation costs. The purchase of land necessary for the installation is also included. Expenditure made principally for the purpose of health and safety inside the workplace should be excluded.

These investments can be broken down into four main domains:

- **Waste domain:**
This heading covers the prevention and reduction of waste, the collection, transport, treatment and disposal of waste, the installation, transport, treatment and disposal of waste, and the monitoring of waste. Recycling activities are included to the extent that they mainly aim at the reduction and treatment of waste.
- **Air emissions domain:**
This heading covers the prevention or reduction of emissions of gaseous, liquid and particulate pollutants to the atmosphere and the monitoring of air emissions.
- **Water protection domain:**
Share of investment related to water protection. Includes also the protection of soil and ground water. This heading covers the collection and transport of waste water, the prevention, treatment or abatement of substances in waste water prior to discharge into surface or ground water, the protection of soil and ground water against pollution and the prevention of incidental water and soil pollution. The treatment of cooling water before draining to surface or ground water and other measures to restore or preserve the quality and quantity of water. The monitoring of surface water, ground water and soil quality is also included.
- **Noise and vibration domain:**
This heading covers the prevention of noise and vibration, measures to decrease noise and vibration levels at source, measures to isolate receivers from noise and vibrations and the monitoring of noise and vibration levels. Noise abatement for the protection of the workplace is excluded.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1993, Code 21.11.0, Codes 21.11.1 to 21.11.4 (environmental domains)

- ⇨ ENVIRONMENTAL PROTECTION EXPENDITURE

INVESTMENT IN EQUIPMENT AND PLANT LINKED TO CLEANER TECHNOLOGY ('INTEGRATED TECHNOLOGY')

A cleaner technology is an installation or a part of an installation that has been adapted in order to generate less pollution. As opposed to 'end-of-pipe' investment, the environmental equipment has been integrated into the production process. The investment in the environmental equipment consists of the extra capital costs due to the integration of the equipment. This type of environmental equipment is not identifiable as a separate part of the production process therefore the costs should be estimated, for example, by comparing with available alternative installations (or parts thereof) that would not satisfy environmental regulations. In case of forced replacement of existing equipment the remaining value of this equipment is to be added. Expenditure made with the purpose of health and safety at the workplace should be excluded.

The remaining value of forced replacement of existing equipment is defined as follows:

$$\frac{\text{Replacement value of existing equipment}}{\text{Expected remaining life time of replaced equipment}} \times \text{total life time of replaced equipment}$$

These investments can be broken down into four environmental domains: waste, air emissions, water protection and noise and vibration.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 21.12.0, Codes 21.12.1 to 21.12.4 (environmental domains)

- 4 INVESTMENT IN EQUIPMENT AND PLANT FOR POLLUTION CONTROL AND SPECIAL ANTI-POLLUTION ACCESSORIES i.e. 'END-OF-PIPE' EQUIPMENT

INVESTMENT RATE

- 4 ACCOUNTING RATIOS

INVESTMENTS

- 4 GROSS INVESTMENT IN CONCESSIONS, PATENTS, LICENCES, TRADE MARKS AND SIMILAR RIGHTS (GROSS OF VALUE ADJUSTMENTS)
- 4 GROSS INVESTMENT IN CONSTRUCTION AND ALTERATION OF BUILDINGS
- 4 GROSS INVESTMENT IN EXISTING BUILDINGS AND STRUCTURES
- 4 GROSS INVESTMENT IN GOODWILL ACQUIRED FOR VALUABLE CONSIDERATION (GROSS OF VALUE ADJUSTMENTS)
- 4 GROSS INVESTMENT IN MACHINERY AND EQUIPMENT
- 4 GROSS INVESTMENT IN MARKETING
- 4 GROSS INVESTMENT IN SHARES AND PARTICIPATING INTERESTS
- 4 GROSS INVESTMENT IN SOFTWARE
- 4 INVESTMENT IN EQUIPMENT AND PLANT FOR POLLUTION CONTROL AND SPECIAL ANTI-POLLUTION ACCESSORIES I.E. 'END-OF-PIPE' EQUIPMENT
- 4 INVESTMENT IN EQUIPMENT AND PLANT LINKED TO CLEANER TECHNOLOGY ('INTEGRATED TECHNOLOGY')
- 4 SHARE OF GRANTS IN INVESTMENT CAPITAL
- 4 SHARE OF LOANS IN INVESTMENT CAPITAL
- 4 SHARE OF OTHER SOURCES IN INVESTMENT CAPITAL
- 4 SHARE OF OWN FUNDS IN INVESTMENT CAPITAL

⇨ TANGIBLE INVESTMENTS BY TYPE

ITINERANT TRADING

These are local units engaged in itinerant or non-sedentary trading:

Non-sedentary or market trading is trading in marketplaces at a movable stall, usually set up in the same place.

Itinerant or street trading applies where the trader sells his goods to passers-by in the street; door-to-door trading applies where the trader goes from house to house with his entire range of goods. In "home-selling" the trader goes directly to the home of a possible client.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 17.31.3

- ⇨ FORMS OF TRADING BY ENTERPRISES
- ⇨ LOCAL UNIT

JOB

- ⇨ NUMBER OF PERSONS EMPLOYED

KIND-OF-ACTIVITY UNIT (KAU)

The kind of activity unit (KAU) groups all the parts of an enterprise contributing to the performance of an activity at class level (four digits) of NACE Rev. 1 and corresponds to one or more operational subdivisions of the enterprise. The enterprise's information system must be capable of indicating or calculating for each KAU at least the value of production, intermediate consumption, manpower costs, the operating surplus and employment and gross fixed capital formation.

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III D, No 696/93 of 15.03.1993

- ⇨ ACTIVITY
- ⇨ ENTERPRISE
- ⇨ GROSS FIXED CAPITAL FORMATION
- ⇨ GROSS OPERATING SURPLUS
- ⇨ INTERMEDIATE CONSUMPTION
- ⇨ LABOUR COSTS
- ⇨ NACE REV. 1
- ⇨ NUMBER OF PERSONS EMPLOYED
- ⇨ VALUE OF PRODUCTION

LABOUR COSTS

Labour costs (or personnel costs) are defined as the total remuneration, in cash or in kind, payable by an employer to an employee (regular and temporary employees and home workers) in return for work done by the latter during the accounting period.

Labour costs are made up of:

- gross wages and salaries
- employers' social contributions

Labour costs do not include reimbursement of travel expenses. They represent for the production unit the cost of paid work during the reference period.

Labour costs also include taxes and employees' social security contributions retained by the unit as well as the employer's compulsory and voluntary social contributions.

Sources: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 42.

Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994 Code: 13 31 0

- ⇨ EMPLOYERS' SOCIAL CONTRIBUTIONS
- ⇨ GROSS WAGES AND SALARIES

LEASING

- ⇨ LEASING USED BY THE UNITS
- ⇨ PAYMENTS FOR LONG TERM RENTAL AND OPERATIONAL LEASING OF GOODS
- ⇨ VALUE OF TANGIBLE GOODS ACQUIRED THROUGH FINANCIAL LEASING

LEASING USED BY THE UNITS

This heading is defined as the leasing of property and tangible or intangible (software etc.) capital goods to a customer by a service enterprise for a pre-arranged period with an option for the customer to purchase at the residual value at the end of the contract.

It comprises of:

- total rents paid to leasing enterprises in respect of leasing transactions carried out during the year or in previous years, and not yet expired (part of "Purchases of goods and services")
- value of capital goods received during the year as a result of leasing transactions. Goods and services financed by leasing should be broken down into:
 - land
 - existing buildings
 - the construction or conversion of buildings and other real estate
 - transport equipment

- plant and machinery
- intangibles.

The recourse of an enterprise to a leasing transaction results in an effective increase in its production capacities.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 76

- ⇨ ENTERPRISE
- ⇨ INTANGIBLE INVESTMENTS
- ⇨ PAYMENTS FOR LONG TERM RENTAL AND OPERATIONAL LEASING OF GOODS
- ⇨ TANGIBLE INVESTMENTS BY TYPE
- ⇨ VALUE OF TANGIBLE GOODS ACQUIRED THROUGH FINANCIAL LEASING

LEGAL UNIT

A legal unit includes the following:

- legal persons whose existence is recognized by law independently of the individuals or institutions which may own them or are members of them
- natural persons who are engaged in an economic activity in their own right

The legal unit always forms, either by itself or sometimes in combination with other legal units, the legal basis for the statistical unit known as the "enterprise".

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section II A3-4, No 696/93 of 15.03.1993

- ⇨ ACTIVITY
- ⇨ ENTERPRISE
- ⇨ STATISTICAL UNIT

LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)

The local kind-of-activity unit (local KAU) is the part of a KAU which corresponds to a local unit.

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III C, No 696/93 of 15.03.1993

- ⇨ ACTIVITY
- ⇨ LOCAL UNIT
- ⇨ KIND OF-ACTIVITY UNIT (KAU)
- ⇨ STATISTICAL UNIT

LOCAL UNIT

The local unit is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which - save for certain exceptions - one or more persons work (even if only part-time) for one and the same enterprise.

Local units are classified according to their main activity in the NACE Rev.1 classification system. The main activity of a local unit is not always the same as that of the enterprise to which it belongs. A local unit classified under services as a "design office" may be part of an enterprise classified under an industrial activity.

As for the enterprises, all the local units must be taken into account, even if they have no paid employees.

Sources: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III F, No 696/93 of 15.03.1993, Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 59

- ⇨ ACTIVITY
- ⇨ ENTERPRISE
- ⇨ FORMS OF TRADING BY ENTERPRISES
- ⇨ LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)
- ⇨ LOCAL UNIT OF HOMOGENEOUS PRODUCTION (LOCAL UHP)
- ⇨ NACE REV 1
- ⇨ NUMBER OF LOCAL UNITS
- ⇨ STATISTICAL UNIT

LOCAL UNIT OF HOMOGENEOUS PRODUCTION (LOCAL UHP)

The local unit of homogeneous production (local UHP) is the part of a unit of homogeneous production which corresponds to a local unit.

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III H, No 696/93 of 15.03.1993

- ⇨ LOCAL UNIT
- ⇨ STATISTICAL UNIT
- ⇨ UNIT OF HOMOGENEOUS PRODUCTION (UHP)

MAIL-ORDER SELLING

Defined according to NACE rev. 1.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 17314

- ⇨ FORMS OF TRADING BY ENTERPRISES
- ⇨ NACE REV. 1

MAIN ACTIVITY

- ⇨ ACTIVITY

MARKET PRODUCER

A market producer is an establishment or enterprise all or most of whose output is marketed. It is perfectly possible for market producers, both small unincorporated enterprises and large corporations, to have some non-market output in the form of production for own final consumption or gross fixed capital formation.

Source: English/Russian Glossary of Statistical Terms, Volume V: National accounts, P. 21

- ↳ CORPORATION
- ↳ ENTERPRISE
- ↳ ESTABLISHMENT
- ↳ GROSS FIXED CAPITAL FORMATION
- ↳ INSTITUTIONAL SECTOR
- ↳ NON-MARKET PRODUCER
- ↳ PRODUCTION

MARKET PRODUCTION

Market production is defined as the totality of goods and services produced in order to be sold on the national or foreign market.

Source: English/Russian Glossary of Statistical Terms, Volume I: Business registers, P. 17

- ↳ MARKET PRODUCER
- ↳ NON-MARKET PRODUCTION
- ↳ PRODUCTION
- ↳ SERVICES

MARKET SHARE

- ↳ VARIABLES RELATING TO MARKET SHARE AND INTERNATIONALIZATION

MARKETING

- ↳ GROSS INVESTMENT IN MARKETING

NACE REV. 1

The NACE Rev. 1 ("Nomenclature générale des Activités économiques dans les Communautés Européennes") enables a statistical classification of economic activities within the European Union to be made. The NACE Rev. 1 replaced NACE 1970 in order to improve international comparability with other classifications of economic activity. The NACE Rev. 1 is designed to categorise data that can be related only to a unit of activity e.g., an individual plant or group of plants comprising an economic entity such as a enterprise. It provides the basis for preparing statistics of the production process (labour, materials, energy etc.), capital formation and the financial transactions of such units.

Main features of the NACE Rev. 1:

- Sections (alphabetical code)
- Subsections (two-character alphabetical code)
- Divisions (two-digit numerical code)
- Groups (three-digit numerical code)
- Classes (four-digit numerical code)

The sections of the NACE Rev. 1 are broken down as follows:

- A Agriculture, Hunting and Forestry
- B Fishing
- C Mining and Quarrying
- D Manufacturing
- E Electricity, Gas and Water Supply
- F Construction
- G Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods
- H Hotels and Restaurants
- I Transport, Storage and Communication
- J Financial Intermediation
- K Real Estate, Renting and Business Activities
- L Public Administration and Defence; Compulsory social Security
- M Education
- N Health and Social work
- O Other Community, Social and Personal Service Activities
- P Private Households with Employed Persons
- Q Extra-Territorial Organizations and Bodies

Sources: NACE Rev. 1, Council Regulations No. 3037/90 from October 1990 and No. 761/93 from April 1993

- Ⓒ ACTIVITY
- Ⓒ ANALYSIS BY INDUSTRY

NATIONAL ACCOUNTS

- Ⓒ EUROPEAN SYSTEM OF ACCOUNTS (ESA)
- Ⓒ SYSTEM OF NATIONAL ACCOUNTS (SNA)

NOMENCLATURES

- ⇨ CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)
- ⇨ NACE REV. 1

NON-MARKET PRODUCER

Non-market producers consist of local kind-of-activity units (local KAU) owned by government units or non-profit institutions serving households that supply goods and services free or at prices that are not economically significant, to households or the community as a whole.

Source: English/Russian Glossary of Statistical Terms, Volume V: National accounts, P. 24

- ⇨ INSTITUTIONAL SECTOR*
- ⇨ LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)
- ⇨ MARKET PRODUCER
- ⇨ NON-MARKET PRODUCTION

NON-MARKET PRODUCTION

Non-market production is defined as a set of services provided without constant and direct payment from the user, such as police and education services. National Accounts use the costs of their production for the evaluation of these services: intermediate consumption, remuneration of employees, rent, depreciation, taxes.

Source: English/Russian Glossary of Statistical Terms, Volume I: Business registers, P. 17

- ⇨ DEPRECIATION
- ⇨ INTERMEDIATE CONSUMPTION
- ⇨ MARKET PRODUCTION
- ⇨ PRODUCTION
- ⇨ SERVICES

NON-PROFIT INSTITUTIONS

- ⇨ NON-MARKET PRODUCER

NON-SEDENTARY TRADING

- ⇨ ITINERANT TRADING

NUMBER OF APPRENTICES

All employees who do not participate fully in the production process of the unit because they are working under an apprentice's contract or because the fact that they are undertaking vocational training impinges significantly on their productivity are included in this heading.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 16 13 2

NUMBER OF EMPLOYEES

Persons who work for an employer (corporate enterprise or sole proprietorship) and who have a contract of employment and receive compensation in the form of wages, salaries, fees, gratuities, piecework pay or remuneration in kind.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 16 13 0

⇔ NUMBER OF PERSONS EMPLOYED

NUMBER OF ENTERPRISES

This variable provides an essential piece of demographic information and gives a general description of the enterprise population at a given date, especially when broken down by main activity. Enterprises can be classified according to their main activity in the NACE Rev. 1 classification system. For services, there can be no discrimination on the basis of size. The small enterprises, even those without paid employees, must be taken into account. The distribution of enterprises according to size provides an indication of the potential for growth and adaptation of the population of enterprises.

An analysis of the evolution over time of the number of enterprises sheds light on the dynamics of the market, the concentration of economic agents and the emergence of new units.

Source: Justification of the variables contained in the draft Regulation on structural business statistics, version 01, 16 March 1994, Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 58

- ⇔ ENTERPRISE
- ⇔ NACE REV. 1
- ⇔ NUMBER OF ENTERPRISES FOR WHICH SUB-CONTRACTING IS DONE
- ⇔ VARIABLES CONCERNING THE CHARACTERISTICS AND DEMOGRAPHY OF ENTERPRISES (OR LOCAL UNITS)

NUMBER OF ENTERPRISES FOR WHICH SUB-CONTRACTING IS DONE

Percentage of units within a NACE Rev.1 heading providing goods and services under a sub-contracting relationship to:

- 1 other unit

- 2 other units
- 3 other units
- 4 and more other units
- Not providing goods and services under a sub-contracting relationship.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 23 13 0

- ⇒ NACE REV. 1
- ⇒ ENTERPRISE

NUMBER OF FEMALE PERSONS EMPLOYED

This heading is defined as the number of female employees, paid or unpaid, whatever the number of hours worked.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 55

- ⇒ NUMBER OF HOURS WORKED BY NON-SALARIED PERSONS
- ⇒ NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS
- ⇒ NUMBER OF PERSONS EMPLOYED
- ⇒ NUMBER OF PERSONS EMPLOYED ON A PART-TIME BASIS
- ⇒ NUMBER OF WAGE AND SALARY EARNERS

NUMBER OF HOMEWORKERS

Homeworkers are a sub-division of persons employed of the observation unit who carry out their professional activity from their own home. Only homeworkers who appear on the pay-roll of the observation unit should be included.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 16 13 5

NUMBER OF HOURS WORKED BY NON-SALARIED PERSONS

The total number of hours worked by non salaried persons, freelances, employers and unpaid family workers represents the aggregate of hours actually worked for their production unit during the accounting period.

It excludes sick leave, meal breaks and commuting between home and work. It includes short periods of rest at the working place, work on Sundays and public holidays, night work and work for the enterprise which has been effected outside.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 57

- ⇒ NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS

NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS

The total number of hours worked by wage and salary earners represents the aggregate number of hours actually worked for the output of the production unit during the accounting period.

This heading excludes hours paid but not actually worked such as for annual leave, holidays and sick leave. It also excludes meal breaks and commuting between home and work.

Included are hours actually worked during normal working hours; hours worked in addition to those; time which is spent at the place of work on tasks such as preparing the site and time corresponding to short periods of rest at the work place.

The number of hours worked by wage and salary earners sheds greater light on the factor "labour" and is more relevant for the calculation of some ratios than the number of wage and salary earners. The trend in the number of hours worked per employee is also a useful economic indicator.

If the exact number of hours actually worked is not known, it may be estimated on the basis of the theoretical number of working hours and the average rate of absences (sickness, maternity, etc.).

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 56

⇨ NUMBER OF WAGE AND SALARY EARNERS

NUMBER OF LOCAL UNITS

Information about the number of local units allows a regionalization about the variable "Number of enterprises" to be made. This variable allows several average ratios that give information about the physical organisation of the distributive trades to be calculated (as for instance average number of occupied persons by outlet or local unit, or average turnover by local unit...)

Statistics on employment are generally based on the local unit. The regional study of "proximity services" (services with shop premises which invoice customers directly or even services involving essentially small units like the professions) can be based on the local unit.

Source: Justification of the variables contained in the draft Regulation on structural business statistics, version 01, 14 March 1994, Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 59

⇨ LOCAL UNIT

⇨ NUMBER OF ENTERPRISES

⇨ VARIABLES CONCERNING THE CHARACTERISTICS AND DEMOGRAPHY OF ENTERPRISES (OR LOCAL UNITS)

NUMBER OF PERSONS EMPLOYED

The number of persons employed is defined as the total number of persons who work in the enquiry unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit who belong to it and are paid by it (e.g. sales representatives, delivery personnel, repair and maintenance teams). It includes persons absent for a short period (e.g. sick leave, paid leave or special leave), and also those on strike, but not those absent for an indefinite period. It also includes part-time workers who are regarded as such under the laws of the country concerned and who are on the pay-roll, as well as seasonal workers, apprentices and home workers on the pay-roll.

It excludes manpower supplied to the unit by other enterprises, persons carrying out repair and maintenance work in the enquiry unit on behalf of other enterprises, as well as those on compulsory military service.

The number of persons employed corresponds to employment (number of jobs). The European System of Accounts 1995 (ESA) defines a job as an explicit or implicit production contract relating to the provision of labour input and not to supplying output of a good or service between a person and a production unit to perform activities in return for compensation (including mixed income of self-employed persons) for a defined period.

The number of persons employed should be given as an annual average of the data collected, e.g. on a quarterly basis, and also as a snapshot statistic at a given date.

Sources: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 1.0, P. 40. Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 16 11 0

- ⇨ EUROPEAN SYSTEM OF ACCOUNTS (ESA)
- ⇨ NUMBER OF HOMEWORKERS
- ⇨ NUMBER OF APPRENTICES
- ⇨ NUMBER OF PERSONS EMPLOYED ON A PART-TIME BASIS
- ⇨ NUMBER OF WAGE AND SALARY EARNERS

NUMBER OF PERSONS EMPLOYED ON A PART-TIME BASIS

Part-time workers are persons whose usual hours of work are less than the normal weekly or monthly working hours of the unit concerned. This definition encompasses all forms of part-time work (half-day work, work for one, two or three days a week, etc.). This number may be established at the national, regional, industrial or unit level.

It should be noted that whereas the "full-time employee" category is relatively homogeneous, the same cannot be said of the "part-time employee" category since this can cover anything between 20% or even less and 80% or more of the normal working hours of the employing unit.

Part-time employees (duration of work less than the norm) and intermittent employees (who may work full time but for a short period, e.g. temporary workers, film crew etc.) should not be confused.

Sources: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 1.0, P. 54. Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 16 13 1, 16 13 3, 16 13 4

⇨ NUMBER OF PERSONS EMPLOYED

NUMBER OF RETAIL STORES

This is the total number of stores operated by the enterprise, either owned or rented.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 17 32 0

⇨ CATEGORY OF SALES SPACE FOR RETAIL STORES ENGAGED IN RETAIL TRADE
⇨ ENTERPRISE

NUMBER OF WAGE AND SALARY EARNERS

Wage and salary earners are persons who, by agreement are employed and work for a production unit usually with a contract of employment and receive either a wage, salary or an equivalent remuneration (compensation).

The relationship of employer to employee exists when there is an agreement, which may be formal or informal, between an enterprise and a person, normally entered into voluntarily by both parties, whereby the person works for the enterprise in return for remuneration in cash or in kind.

A worker is considered to be a wage or salary earner of a production unit if he or she receives a wage or salary from the production unit regardless of where the work is done (in or outside the production unit). A temporary worker is considered to be an employee of the temporary work enterprise and not of the production unit (customer) in which he works.

Especially the following are considered as employees:

- owners of corporations and quasi-corporations if they work in these enterprises;
- students who have a formal commitment whereby they contribute to the enterprise's process of production in return for remuneration and/or education services;
- outworkers if there is an explicit agreement that the outworker is remunerated on the basis of the work done.

The number of wage and salary earners includes part-time workers, seasonal workers, persons on strike or on short-term leave, but excludes those persons on long-term leave. These statistics should be collected:

- as an annual average of the data collected on a quarterly basis,
- as a snapshot statistic at a given date in order to enable breakdowns (full-time, part-time...) to be made which would not be feasible to collect on a quarterly basis.

Wage and salary earners form the largest share of persons employed. This total is better known than that of "non-salaried persons"; trends in this variable are linked not only to the number of enterprises but also to the level of activity; it is therefore an important economic variable in terms of both total and trend.

It has to be noted that the definition used here is broader than that of the ESA which excludes employees who are also in self-employment which constitutes their principal activity. In this case they are classified under self-employed persons.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 53

- ⇨ ENTERPRISE
- ⇨ EUROPEAN SYSTEM OF ACCOUNTS (ESA)
- ⇨ NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS
- ⇨ NUMBER OF PERSONS EMPLOYED

OPERATING COSTS LINKED TO BUILDINGS AND EQUIPMENT

Operating costs linked to buildings and equipment consist of costs related to buildings, including the expenses connected to the real estate (rents or financial leasing), the purchases of energy for heating and electricity, the maintenance and repairs of the buildings, the expenses related to other equipment, the cost of renting and financial leasing of machines and the cost of maintenance and repairs of all machines (including computers).

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 13 41 0

- ⇨ OPERATING EXPENSES

OPERATING EXPENSES

Operating expenses can be broken down into:

- Personnel expenses
- Operating costs linked to buildings and equipment
- Cost of selling
- Other operating costs

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994

- ⇨ COST OF SELLING
- ⇨ OPERATING COSTS LINKED TO BUILDINGS AND EQUIPMENT
- ⇨ OTHER OPERATING COSTS
- ⇨ PAYMENTS FOR LONG TERM RENTAL AND FINANCIAL LEASING OF GOODS
- ⇨ PERSONNEL EXPENSES
- ⇨ PURCHASES OF GOODS AND SERVICES

OPERATING SUBSIDIES

Subsidies are current unrequited payments which general government or Institutions of the European Union make to producers with the objective of influencing their levels of production, their prices and/or making it possible for factors of production to receive an adequate remuneration.

This amount enables the transition to be made from gross value added at market prices to gross value added at factor cost and finally to gross operating surplus. Subsidies include import subsidies, export subsidies, interest rebates, subsidies on salaries, labour subsidies and subsidies to reduce levels of pollution.

They exclude tax exemptions, current transfers with the objective of covering accumulated debts over several financial years, investment grants, etc.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 35

- ⇨ GROSS OPERATING SURPLUS
- ⇨ GROSS VALUE ADDED AT FACTOR COST
- ⇨ GROSS VALUE ADDED AT MARKET PRICES
- ⇨ MARKET PRODUCER
- ⇨ PRODUCTION

OPERATING RESULT

- ⇨ GROSS OPERATING SURPLUS

OPERATIONAL CONTROL

- ⇨ AUTONOMY OF DECISION

OTHER COSTS OF BORROWING

This heading covers the total costs of borrowing other than interest payments and dividends. Bank charges and other costs ancillary to the financing of investment and working capital are included here.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24.33.0

- ⇨ DIVIDENDS
- ⇨ INTEREST PAYMENTS

OTHER FORMS OF TRADE

Other forms of trade consist mostly of vending machines.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 17.31.5

- ⇨ FORMS OF TRADING BY ENTERPRISES

OTHER OPERATING CHARGES

Transfers of charges linked to the operation of the enterprise, i.e. other than transfers of properties, and not included in operations of production, labour costs, duties and taxes and financial expenditure.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 47

- ⇨ DUTIES AND TAXES (OTHER THAN VAT) LINKED TO PRODUCTION
- ⇨ ENTERPRISE
- ⇨ FINANCIAL EXPENDITURE
- ⇨ LABOUR COSTS

OTHER OPERATING COSTS

Other operating costs consist of expenses for bookkeeping, consultancy, office stationery, insurance premiums, postal and telecommunication expenses (phone, telex).

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 13 43 0

- ⇨ OPERATING EXPENSES

OTHER OPERATING INCOME

Transfers of incomes linked to the operation of the enterprise, i.e. other than transfers of properties, and not included in operations of production, in subsidies and financial incomes.

It is a residual variable that comprises of ordinary activities not included in other groups, e.g. fees on patents, trade marks or licences.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 37

- ⇨ ENTERPRISE
- ⇨ PRODUCTION
- ⇨ FINANCIAL INCOME

PARENT LEGAL UNIT

- ⇨ LEGAL UNIT

PAYMENTS FOR AGENCY WORKERS

Included in this figure are payments to employment agencies and similar organisations for the provision of personnel. Only the payments for the provision of personnel which is not linked to the provision of a particular industrial or other non-industrial service is included.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 13 13 1

PAYMENTS FOR LONG TERM RENTAL AND FINANCIAL LEASING OF GOODS

These two operating expenses correspond to the use of productive capital not registered in the enterprise's accounts, that are to be incorporated in the assessment of the productive capital of the utilising sector of the economy. Payments for long-term rental include the expenses related to the renting of capital goods, land or buildings for a period longer than one year. The payments for financial leasing of goods are equal to the total operating expenses of the productive capital provided to the unit under such agreements. They include both the interests and the re-funding of the principal.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 13 41 1

⇨ OPERATING EXPENSES

PAYMENTS FOR LONG TERM RENTAL AND OPERATIONAL LEASING OF GOODS

These operating charges correspond to the annual repayments for the use of tangible goods which are not capitalised in the unit's accounts but which need to be taken into account in an analysis of the capital factor of production in the sector in which they are used. The payments for long-term rental include all charges relative to the renting of tangible goods for a period greater than one year. Operational leases are those leases which do not transfer substantially all the risks and rewards incident to legal ownership to the lessee. Payments for the operational leasing of goods relate to the amount of the cost of using the tangible goods made available to the unit through these contracts, including both the interest payments and the repayment of the principal of the debt

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15 35 0

PAYMENTS TO SUB-CONTRACTORS

A sub-contracting relationship exists whenever:

- the customer participates in the conception of the product, even partially providing specifications to the manufacturer ranging from detailed technical plans to looser specifications,
- the customer has the responsibility for the trading of the good.

Repairs and maintenance are excluded. Included however in this heading should be payments made by the unit to third parties for goods and services provided under a sub-contracting relationship.

- ⇨ INCOME FROM SUB-CONTRACTING
- ⇨ NUMBER OF ENTERPRISES FOR WHICH SUB-CONTRACTING IS DONE

PERSONNEL EXPENSES

Personnel expenses are equivalent to the difference between the total purchases of goods and services and the purchases of goods and services purchased for resale in the same condition as received.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994

- ⇨ OPERATING EXPENSES
- ⇨ PURCHASES OF GOODS AND SERVICES PURCHASED FOR RESALE IN THE SAME CONDITION AS RECEIVED
- ⇨ TOTAL PURCHASES OF GOODS AND SERVICES

PER CAPITA PRODUCTIVITY

- ⇨ ACCOUNTING RATIOS

PER CAPITA REMUNERATION

- ⇨ ACCOUNTING RATIOS

PERSONNEL QUALIFICATION LEVELS

- ⇨ VARIABLES RELATING TO PERSONNEL QUALIFICATION LEVELS

PRICES

- ⇨ GROSS VALUE ADDED AT MARKET PRICES
- ⇨ PRICES OF PRODUCTS SOLD

PRICES OF PRODUCTS SOLD

This heading is defined as the producer prices of the categories of products sold by the units.

When a product is essentially for household consumption (hairdressing, film projections), the retail price is adequate. When this is not the case, a producer price monitoring system similar to the one used for industrial products is required.

Price indices make it possible to adjust for inflation in order to obtain volume series.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 74

PRODUCER

- ⇨ INSTITUTIONAL SECTOR
- ⇨ MARKET PRODUCER
- ⇨ NON-MARKET PRODUCER

PRODUCT CLASSIFICATION

- ⇨ CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)

PRODUCTION

Production is an activity carried out under the control and responsibility of an institutional unit that uses inputs of labour, capital and goods and services to produce goods and services. Production does not cover purely natural processes without any human involvement or direction, like the unmanaged growth of fish stocks in international waters (but fish farming is production).

Source: European System of Accounts (ESA) 1995, P. 67

- ⇨ DUTIES AND TAXES (OTHER THAN VAT) LINKED TO PRODUCTION
- ⇨ GROSS FIXED CAPITAL FORMATION
- ⇨ MARKET PRODUCTION
- ⇨ NON-MARKET PRODUCTION
- ⇨ VALUE OF PRODUCTION

PRODUCTION VALUE

⇨ VALUE OF PRODUCTION

PROFIT OR LOSS FOR THE YEAR

Profit or loss for the year is defined as follows:

	Gross ordinary surplus
+	Other resources
-	Other charges
=	Profit or loss for the year

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 12 20 0

⇨ GROSS ORDINARY SURPLUS

PROFITABILITY

⇨ GROSS ORDINARY SURPLUS

PURCHASES OF ENERGY PRODUCTS (IN VALUE)

Purchases of all energy products during the reference period should be included in this heading only if they are purchased to be used as fuel. Energy products purchased as a raw materials or for resale without transformation should be excluded. The figure should be given in value only.

According to the classification of energy products purchases of energy products can be broken down as follows:

- Purchases of hard coal (in value)
- Purchases of coke (in value)
- Purchases of patent fuels (in value)
- Purchases of gasoil (in value)
- Purchases of heavy fuel oil (in value)
- Purchases of other petroleum products (in value)
- Purchases of natural gas (in value)
- Purchases of derived gas (in value)
- Purchases of renewable energy sources (in value)
- Purchases of heat (in value)
- Purchases of electricity (in value)

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 20 11 0, Codes 20 21 0 to 20 31 0 (breakdown of energy products)

PURCHASES OF GOODS AND SERVICES

Purchases of goods and services by the production units represent the value of all goods and services during the accounting period for resale or consumption in the production process, excluding capital goods the consumption of which is registered as consumption of fixed capital. The goods and services concerned may be either resold with or without further transformation, completely used up in the production process or, finally, be stocked.

Purchases of goods and services are valued at the purchase price including all taxes and duties except deductible VAT.

Intra-Kind-of-activity unit (KAU) deliveries are taken into account in purchases of goods and services.

Purchases of goods and services are broken down as follows:

- Purchases of goods and services for resale, and subcontracting to third parties
- Other purchases of raw materials and supplies, and services; these services include those relating to the supply of factors of production, such as renting property or equipment, leasing, temporary work, and, in general, all outside services purchased for own use (security staff, cleaning, etc.).

It has to be noted that purchases of goods and services differ from "intermediate consumption" in the sense of the ESA. Actually,

- they refer to "purchases" during the reference period and not to the "use". Purchases not used may be stocked, and on the contrary, products used may have derived from stocks and thus not been purchased during the accounting period;
- they comprise of goods and services intended to be resold without further processing;

Sources: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 38, Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994. Code 13 10

- ⇨ EUROPEAN SYSTEM OF ACCOUNTS (ESA)
- ⇨ INTERMEDIATE CONSUMPTION
- ⇨ KIND-OF-ACTIVITY UNIT (KAU)
- ⇨ PURCHASES OF GOODS AND SERVICES FOR RESALE AND SUBCONTRACTING TO THIRD PARTIES

PURCHASES OF GOODS AND SERVICES FOR RESALE AND SUBCONTRACTING TO THIRD PARTIES

Purchases for resale and subcontracting to third parties on behalf of customers and charged on to them.

Purchases for resale are purchases of goods for resale without further processing by traders. It also includes purchases of services by "invoicing" service companies, i.e. those whose turnover is composed not only of agency fees charged on a service transaction (as in the case of estate agents) but also the actual amount involved in the service transaction, e.g. transport purchases by travel agents.

Subcontracting to third parties comprises of work contracted out to other organizations and charged on to the customer of the production unit. For example, it could be work passed on to colleagues in the professions.

By determining purchases for resale and subcontracting to third parties, it is possible to establish the value of production. This is a more useful variable than turnover for making comparisons between sectoral activities and production units.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 39

- ⇨ PURCHASES OF GOODS AND SERVICES
- ⇨ TURNOVER
- ⇨ VALUE OF PRODUCTION

RATIOS

- ⇨ ACCOUNTING RATIOS

RATE OF FINANCIAL EXPENDITURE

- ⇨ ACCOUNTING RATIOS
- ⇨ FINANCIAL EXPENDITURE

RATE OF VALUE ADDED

- ⇨ ACCOUNTING RATIOS

SALARIES

- ⇨ GROSS WAGES AND SALARIES
- ⇨ NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS
- ⇨ NUMBER OF WAGE AND SALARY EARNERS

SALES

Sales can be basically defined as the change in ownership of goods in exchange for a monetary contribution or cash in kind and payments for services rendered.

There are at present difficulties in distinguishing the term "Sales" with "Turnover", since turnover is more often used as an accounting term in continental Europe whilst sales is more widespread in the Anglo-Saxon world. It is however possible to use sales in a wider sense as a synonym for turnover.

- ⇨ TURNOVER

SALES SPACE

Floor space is taken to mean the estimated area of that part of the premises devoted to selling and display, i.e.:

- the total space to which customers have access, including fitting rooms;
- counter space and window space;
- the space behind counters used by shop assistants.

Floor space does not include offices, storage and preparation rooms, workshops, staircases, cloakrooms and other amenity rooms.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 17.33.1

⇨ CATEGORY OF SALES SPACE FOR RETAIL STORES ENGAGED IN RETAIL TRADE

SECTOR

- ⇨ INDUSTRY
- ⇨ INSTITUTIONAL SECTOR

SECTOR OF ACTIVITY

The French term "secteur d'activité" corresponds to the English term "Industry" as defined by the System of National Accounts (SNA).

- ⇨ ANALYSIS BY INDUSTRY
- ⇨ INDUSTRY
- ⇨ SYSTEM OF NATIONAL ACCOUNTS (SNA)

SERVICES

The System of National Accounts (SNA) defines services as not being separate entities over which ownership rights can be established. They cannot be traded separately from their production. Services are heterogeneous outputs produced to order and typically consist of changes in the conditions of the consuming units realized by the activities of producers at the demand of the consumers. By the time their production is completed they must have been provided to the consumers.

Source: System of National Accounts 1993, (6.8), P. 123

- ⇨ PRODUCTION
- ⇨ SYSTEM OF NATIONAL ACCOUNTS (SNA)

SHARE OF GRANTS IN INVESTMENT CAPITAL

Percentage of enterprises who use grants as the principal source of investment capital.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 23 0

⇨ ENTERPRISE

SHARE OF GRANTS IN THE START UP CAPITAL

Percentage of enterprises who obtain grants as the principal source of capital for starting up a new business. Grants will generally have been provided by the public sector (public administrations and agencies of public administrations).

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 13 0

⇨ ENTERPRISE

SHARE OF LABOUR COSTS IN VALUE ADDED

⇨ ACCOUNTING RATIOS

⇨ LABOUR COSTS

SHARE OF LOANS IN INVESTMENT CAPITAL

Percentage of enterprises who use loans as the principal source of investment capital. Included in loans are investments made using leasing.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 22 0

⇨ ENTERPRISE

SHARE OF LOANS IN THE START UP CAPITAL

Percentage of enterprises who use loans as the principal source of capital for starting up a new business. Business loans may be provided by the private sector (banks and other financial institutions as well as private individuals charging interest at the market rate or above) or by the public sector (public administrations and agencies of public administrations).

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 12 0

⇨ ENTERPRISE

SHARE OF OTHER SOURCES IN INVESTMENT CAPITAL

Percentage of enterprises who use other sources as the principal source of investment capital.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 25 0

⇨ ENTERPRISE

SHARE OF OTHER SOURCES IN THE START UP CAPITAL

Percentage of enterprises who use sources of finance other than own funds, grants and loans for starting up a new business.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 14 0

⇨ ENTERPRISE

SHARE OF OWN FUNDS IN INVESTMENT CAPITAL

Percentage of enterprises who use own funds as the principal source of investment capital. Included in own funds are retained profits and the use of factoring.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 21 0

⇨ ENTERPRISE

SHARE OF OWN FUNDS IN THE START UP CAPITAL

Percentage of enterprises who use own funds as the principal source of capital for starting up a new business. Own funds include personal loans from financial institutions, private loans from individuals with an interest rate below the market rate and cash of the proprietor(s) and the proprietor(s) direct family.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 11 0

⇨ ENTERPRISE

SHARE OF SALES OF SHAREHOLDINGS IN INVESTMENT CAPITAL

Percentage of enterprises who use the sale of shareholdings as the principal source of investment capital.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 24 24 0

⇨ ENTERPRISE

SOCIAL SECURITY CHARGES

Social security charges for the employer include the employer's social security contributions to schemes for retirement pensions, sickness, maternity, disability, unemployment, occupational accidents and diseases, family allowances as well as other schemes.

Included are the charges for all employees including homeworkers and apprentices. Charges are included for all schemes, regardless of whether they are statutory, collectively agreed, contractual or voluntary in nature. Wages and salaries which the employer continues to pay in the event of illness, occupational accident, pregnancy or short-time working may be recorded here or under gross wages and salaries, dependent upon the unit's accounting practices.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 13 33 0

⇨ EMPLOYERS' SOCIAL CONTRIBUTIONS

STATISTICAL UNIT

The regulation on statistical units of the production system in the Community distinguishes between eight types of statistical units:

- the enterprise
- the institutional unit
- the group of enterprises
- the kind-of-activity unit (KAU)
- the unit of homogeneous production (UHP)
- the local unit
- the local kind-of-activity unit (local KAU)
- the local unit of homogeneous production (local UHP)

Statistical units are defined on the basis of three criteria:

- Legal, accounting or organizational criteria
- Geographical criteria
- Activity criteria

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Sections I-II, No 696/93 of 15.03.1993

- ⇨ ACTIVITY
- ⇨ ENTERPRISE
- ⇨ ENTERPRISE GROUP
- ⇨ INSTITUTIONAL UNIT
- ⇨ KIND-OF-ACTIVITY UNIT (KAU)
- ⇨ LEGAL UNIT
- ⇨ LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)
- ⇨ LOCAL UNIT
- ⇨ LOCAL UNIT OF HOMOGENEOUS PRODUCTION (LOCAL UHP)

- ⇨ UNIT OF HOMOGENEOUS PRODUCTION (UHP)

STORES

- ⇨ CATEGORY OF SALES SPACE FOR RETAIL STORES ENGAGED IN RETAIL TRADE
- ⇨ NUMBER OF RETAIL STORES
- ⇨ TRADING IN STORES

SUB-CONTRACTING

- ⇨ CHANGE IN STOCKS (INVENTORIES) OF GOODS PURCHASED FOR RESALE, AND SUB-CONTRACTING TO THIRD PARTIES
- ⇨ INCOME FROM SUB-CONTRACTING
- ⇨ NUMBER OF ENTERPRISES FOR WHICH SUB-CONTRACTING IS DONE
- ⇨ PAYMENTS TO SUB-CONTRACTORS
- ⇨ PURCHASES OF GOODS AND SERVICES FOR RESALE, AND SUB-CONTRACTING TO THIRD PARTIES

SURPLUS

- ⇨ FINANCIAL SURPLUS
- ⇨ GROSS OPERATING SURPLUS
- ⇨ GROSS ORDINARY SURPLUS

SYSTEM OF NATIONAL ACCOUNTS (SNA)

The System of National Accounts 1993 (SNA) are worldwide guidelines on national accounting. These guidelines have been produced under the joint responsibility of the United Nations, the International Monetary Fund, the Commission of the European Communities, the OECD and the World Bank.

The SNA is a comprehensive, consistent and flexible set of macroeconomic accounts intended to meet the needs of government and private-sector analysts, policy makers and decision takers. It can be used in countries with market economies, whatever their stage of economic development, and also in countries in transition to market economies. The SNA was unanimously approved by the Statistical Commission of the United Nations. The SNA should be used as the international standard for the compilation of national accounts statistics in order to promote the integration of economic and related statistics.

Source: System of National Accounts 1993.

- ⇨ EUROPEAN SYSTEM OF ACCOUNTS (ESA)

TANGIBLE CAPITAL GOODS

- ⇨ CAPITALIZED PRODUCTION OF TANGIBLE CAPITAL GOODS
- ⇨ TANGIBLE INVESTMENTS BY TYPE

TANGIBLE INVESTMENTS BY TYPE

Tangible investments include expenditure on all new or used capital goods bought from other enterprises or produced for own use ("Capitalized production of tangible capital goods"), having a useful life of more than one year and intended for use by the enterprise.

Only tangible assets and property are considered (furniture, machinery and capital goods, transport equipment, construction of buildings, purchase of land and buildings, etc.) It also includes extensions, conversions, improvements and repairs which extend the normal useful life or increase the efficiency of existing fixed capital assets. Current expenditure on repairs and maintenance, however, is not included. It excludes investment in intangible assets (transactions aimed at acquiring rights to an intangible asset) and purchases of shares and other securities.

Tangible investments are valued at purchasers' prices including installation charges and other costs of ownership transfer, exclusive deductible VAT and financing expenses. When produced on own account it is valued at the basic prices of similar fixed assets or at production cost if such prices are not available.

Purchases of fixed capital assets may be broken down as follows:

- Land
- Existing buildings
- The construction or conversion of buildings and other real estate. This heading covers expenditure relating to the reference year on the construction or conversion of buildings, as well as all maintenance costs for buildings and other real property which the enterprise owns or rents, excluding current maintenance costs.
- Transport equipment for use off the premises (vehicle pool): this heading includes all vehicles and boats used off the premises, i.e. motor cars, commercial vehicles and lorries as well as special vehicles of all types, boats, railway wagons, etc.
- Plant and equipment: this heading covers machinery (office machines, etc.), special vehicles used on the premises, other machinery and equipment.»

The investment made represents the efforts made directly by the production unit in the course of the financial year to improve its production capacity. This improvement can be measured by acquisitions, minus the effective value of disposals. An increase in production capacity can also occur indirectly by means of "leasing", which is not included in this variable.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 49-50

- ⇨ CAPITALIZED PRODUCTION OF TANGIBLE CAPITAL GOODS
- ⇨ ENTERPRISE
- ⇨ GROSS FIXED CAPITAL FORMATION
- ⇨ LEASING USED BY THE UNITS

TAXES LINKED TO PRODUCTION

- ⇨ DUTIES AND TAXES (OTHER THAN VAT) LINKED TO PRODUCTION
- ⇨ PRODUCTION

TOTAL CURRENT EXPENDITURE ON ENVIRONMENTAL PROTECTION

Current expenditure on environmental protection generally occurs when investment is made in environmental equipment, it includes the compensation of employees, the payment of rents, consumption of goods and services (energy, materials, maintenance, transport, information, insurance, etc.) necessary to run, repair and maintain the environmental protection facilities and equipment. However, it may also occur when activities are undertaken which are not directly linked to the production process but aim at the provision of environmental services such as environmental co-ordination, research, soil sanitation, waste management, etc. The current expenditure figures include also the full cost of purchasing environmental services and of providing environmental control services using the unit's own staff as well as the extra costs of goods and services purchased from third parties having a positive environmental effect. The total amount should therefore be evaluated as the total of these shares and should be reported net of operational benefits which are specified by domain in 'Environmental Protection Expenditure - data collection methods in the Public Sector and Industry', Eurostat, Series 8D, 1994.

The following items should be included:

Environmental control services:

- Current expenditure for all goods and services purchased by the unit for providing environmental control services using their own staff, including the labour cost of the staff.
- Payments to third parties for carrying out environmental control services.

Goods and services used in activities other than specifically for environmental control (Production, administration, buying and marketing, research etc.):

- Current expenditure for relatively environmental friendly products used as raw materials or as ancillary consumables (only include the extra costs)
- Cost of tangible goods which are not capitalised (normally of low unit value and replaced on a regular basis) - include the full cost for connected products and the extra costs for adapted products.

The following items should be excluded:

- Depreciation
- Interest
- Fines and penalties for non-compliance with environmental regulations or compensations to third parties as a result of loss or injury caused by environmental damage and similar related cost.

Breakdown of total current expenditure on environmental protection according to the four environmental domains: waste, air emissions, water protection and noise and vibration.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 21 14 0, Codes 21 11 1 to 21 11 4 (environmental domains)

- ⇨ ENVIRONMENTAL PROTECTION EXPENDITURE
- ⇨ INVESTMENT IN EQUIPMENT AND PLANT FOR POLLUTION CONTROL AND SPECIAL ANTI-POLLUTION ACCESSORIES i.e. END-OF-PIPE EQUIPMENT

TOTAL INTRA MURAL RESEARCH & DEVELOPMENT EXPENDITURE

Intra-mural expenditures are all expenditures for R & D (Research & Development) performed within the unit, regardless of the source of funds. Intramural expenditures are valued at production cost and include all operating costs including the labour cost and capital expenditure.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 22 11 0

- ⇨ LABOUR COSTS
- ⇨ TOTAL NUMBER OF RESEARCH AND DEVELOPMENT PERSONNEL

TOTAL NUMBER OF RESEARCH AND DEVELOPMENT PERSONNEL

All persons employed directly on Research & Development (R & D) should be counted, as well as those providing direct services such as R & D managers, administrators and clerical staff. Those persons providing an indirect service, such as canteen and security staff, should be excluded, even though their wages and salaries are included as an overhead in the measurement of expenditure.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 22 12 0

- ⇨ TOTAL INTRA MURAL RESEARCH & DEVELOPMENT EXPENDITURE

TRADING

- ⇨ FORMS OF TRADING BY ENTERPRISES
- ⇨ ITINERANT TRADING
- ⇨ TRADING IN STORES
- ⇨ TRADING THROUGH FIXED MARKET STANDS AND/OR STALLS

TRADING IN STORES

Stores are defined as fixed sales premises which the customers enter to make their purchases.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 17 31 1

- ⇨ FORMS OF TRADING BY ENTERPRISES

TRADING THROUGH FIXED MARKET STANDS AND / OR STALLS

Sales are made at a stall permanently set up in a public place; customers do not usually enter the sales premises.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 17 31 2

⇨ FORMS OF TRADING BY ENTERPRISES

TURNOVER

Turnover comprises the totals invoiced by the enterprise (or by the local unit and intra-KAU deliveries) during the reference period, and this corresponds to market sales of goods or services supplied to customers. Turnover includes all duties and taxes on the goods or services invoiced by the unit (or the local unit) with the exception of the VAT invoiced by the unit vis-à-vis its customer. It also includes all other charges (transport, packaging, etc.) passed on to the customer, even if these charges are listed separately in the invoice. Reduction in prices, rebates and discounts as well as the value of returned packing must be deducted, but not cash discounts.

Turnover does not include sales of fixed assets. operating subsidies received from general government or the European Union are also excluded.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 29

- ⇨ BREAKDOWN OF ENTERPRISES (OR LOCAL UNITS) ACCORDING TO VALUE ADDED OR TURNOVER CLASS
- ⇨ CAPITALIZED PRODUCTION
- ⇨ DUTIES AND TAXES (OTHER THAN VAT) LINKED TO PRODUCTION
- ⇨ ENTERPRISE
- ⇨ OPERATING SUBSIDIES
- ⇨ SALES
- ⇨ TURNOVER BY PRODUCT
- ⇨ VALUE ADDED TAX (VAT)

TURNOVER BY PRODUCT

Turnover of the production unit is broken down according to the various products invoiced (or delivered to other Kind-of-activity units (KAU)) on the basis of a product classification such as the CPA.

When investigating the units, the survey classification system must be able to distinguish between various products as well as the method of accounting in order to distinguish between invoicing of the genuine provision of services (commissions received by intermediaries) and invoicing coming under sale-resale of goods or services (activity of invoicing trader).

If the value added per activity is unknown, the breakdown of turnover by product may enable the main activity of the units to be established.

- ⇨ BREAKDOWN OF ENTERPRISES (OR LOCAL UNITS) ACCORDING TO VALUE ADDED OR TURNOVER CLASS
- ⇨ KIND-OF-ACTIVITY UNIT (KAU)
- ⇨ PRODUCTION
- ⇨ TURNOVER

TURNOVER FROM EXTRA-COMMUNITY DELIVERIES OF GOODS AND SERVICES

Same definition as 'Turnover from intra-Community deliveries of goods and services' but referring to extracomunity exports instead of intra-community deliveries, as defined by the modified 6th VAT Directive. For services it covers the provision of services to a receiver who is in this case resident outside of the fiscal territory of the Union.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 14 12 0

- ⇨ TURNOVER FROM INTRA-COMMUNITY DELIVERIES OF GOODS AND SERVICES

TURNOVER FROM INTRA-COMMUNITY DELIVERIES OF GOODS AND SERVICES

Included under this heading are the sales which correspond to transactions defined as deliveries by the Directive modifying the 6th VAT Directive (Directives 77/388 and 91/680, Official Journal) As far as goods are concerned this fiscal text is the reference for the definition of concepts within the framework of INTRASTAT. As for services, this corresponds to transactions which are not taxable within the territory of residence of the service provider, but which are taxable according to the 6th VAT Directive in the Member State of residence of the receiver (exports), as defined by the aforementioned Directive.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 14 11 0

TURNOVER FROM INDUSTRIAL ACTIVITIES

Sales of goods produced by the unit itself (e.g. agricultural products from holdings belonging to the unit) or subjected to extensive processing (e.g. cooked foods, pastries, etc. produced by the unit, clothes and other articles of apparel made in workshops belonging to the unit, etc.). These activities are classified in sections C to F of NACE Rev.1 .

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 18 12 0

- ⇨ NACE REV. 1

TURNOVER FROM INTERMEDIARY ACTIVITIES (AGENTS)

Any commissions on purchases made in the name and on behalf of third parties, etc.

These activities are classified in group 51.1 of NACE Rev.1.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 18 14 0

⇒ NACE REV. 1

TURNOVER FROM SERVICE ACTIVITIES

Revenue for services rendered (installation, maintenance, repair, hire of enterprises' goods).

These activities are classified in sections H to K and M to O of NACE Rev.1.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 18 15 0

⇒ NACE REV. 1

TURNOVER FROM THE PRINCIPAL ACTIVITY AT THE NACE REV. 1 4-DIGIT LEVEL.

Sales of goods and services produced by the unit itself which belong to the principal activity of the unit. The principal activity of a unit is determined according to the rules laid down in the Council Regulation on statistical units No. 696/93 of 15 March 1993.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 18 11 0

⇒ ACTIVITY
⇒ NACE REV. 1

TURNOVER FROM TRADING ACTIVITIES OF PURCHASE AND RESALE

Sales of goods purchased by the unit in its own name and for its own account and resold in the same condition in which they were purchased, or after such labeling, packing and wrapping as is usually practiced in distributive trade enterprises.

Resales of this type may be broken down into:

- resales to other traders, commercial users, etc. (wholesale sales);
- resales to households or small-scale users (retail sales).

These activities are classified in section G of NACE Rev.1 (except group 51.1).

Percentage share of turnover by customer type (only for wholesale trade): Breakdown of the characteristic "Turnover from trading activities of purchases for resale", which can be approximated, describes the role of wholesale enterprises in the flow of goods in the economy.

- corresponds to the traditional scheme "producer → wholesaler → retailer → consumer"; assesses the share of wholesalers' sales to retailers in the total sales figure of the wholesalers.
- corresponds to the industrial wholesaling system or to more complex distribution networks, involving several wholesalers prior to the final user.
- estimates the secondary activity of retail trade.

Percentage share of purchases by type of supplier (retail trade only): this characteristic describes the supply network of retail trade; it is an approximation conducted by the retailer, to assess the share of direct purchases to the producers.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 18 13 0, 25 11 1-3

⇨ NACE REV. 1

UNIT

- ⇨ KIND-OF-ACTIVITY UNIT (KAU)
- ⇨ LEGAL UNIT
- ⇨ LOCAL KIND-OF-ACTIVITY UNIT (LOCAL KAU)
- ⇨ LOCAL UNIT
- ⇨ LOCAL UNIT OF HOMOGENEOUS PRODUCTION (LOCAL UHP)
- ⇨ STATISTICAL UNIT
- ⇨ UNIT OF HOMOGENEOUS PRODUCTION (UHP)

UNIT OF HOMOGENEOUS PRODUCTION (UHP)

The unit of homogeneous production (UHP) is characterized by a single activity which is identified by its homogeneous inputs, production process and outputs. The products which constitute the inputs and outputs are themselves distinguished by their physical characteristics and the extent to which they have been processed as well by the production technique used, by reference to a product classification. The unit of homogeneous production may correspond to an institutional unit or a part thereof; on the other hand, it can never belong to two different institutional units.

Source: Council Regulation on the statistical units for the observation and analysis of the production system in the Community, Section III E, No 696/93 of 15.03.1993

- ⇨ ACTIVITY
- ⇨ ANALYSIS BY PRODUCT
- ⇨ CLASSIFICATION OF PRODUCTS BY ACTIVITY (CPA)
- ⇨ LOCAL UNIT OF HOMOGENEOUS PRODUCTION (LOCAL UHP)
- ⇨ PRODUCTION

VALUE

- ⇨ BREAKDOWN OF ENTERPRISES (OR LOCAL UNITS) ACCORDING TO VALUE ADDED OR TURNOVER CLASS

- ⇒ GROSS VALUE ADDED AT FACTOR COST
- ⇒ GROSS VALUE ADDED AT MARKET PRICES
- ⇒ VALUE ADDED TAX (VAT)
- ⇒ VALUE OF PRODUCTION

VALUE ADDED

- ⇒ GROSS VALUE ADDED AT FACTOR COST
- ⇒ GROSS VALUE ADDED AT MARKET PRICES
- ⇒ VALUE ADDED TAX (VAT)

VALUE ADDED TAX (VAT)

A value added type tax (VAT) is a tax on goods and services collected in stages by enterprises and which is ultimately charged in full to the final purchasers.

VAT is collected by the General government and is applied to national and imported products.

Producers are obliged to pay only the difference between the VAT on their sales and the VAT on their purchases for their own intermediate consumption or gross fixed capital formation.

Source: European System of Accounts (ESA) 1995, P. 115

- ⇒ ENTERPRISE
- ⇒ GROSS FIXED CAPITAL FORMATION
- ⇒ INTERMEDIATE CONSUMPTION

VALUE OF PRODUCTION

The value of production measures the amount actually produced by the enterprise; it includes the own-account production of all goods and services that are retained by their producers for their own final consumption or investments.

The value of production is defined as follows:

	Turnover
+/-	Change in stocks of products held by producers
+/-	Change in stocks of goods purchased for resale and subcontracting to third parties
-	Purchases for resale of goods and services, and subcontracting to third parties
+	Capitalized production
=	Value of production

In other words, it is the sum of value added and "intermediate consumption" as defined by the "input-output table".

The turnover of the production units is an essential piece of data for production statistics; in particular, it allows breakdowns by products sold to be made. For national accounts, the idea of production is used in the "input-output table". Production is calculated from turnover and a "sales-production" transition. In enterprise statistics where "gross" data is collected it is not possible to determine "production" in the national accounts sense. So if "intermediate consumption" has a precise meaning for national accounts, it does not for enterprises.

Therefore, an intermediate value between turnover and value added has to be established in order to make significant comparisons between the units of production and the sectors of activity, irrespective of the type of activity involved (distributive or other), the method of invoicing or the method of accounting. The value of production per person employed is more comparable than turnover by person employed.

In order to establish the value of production, it is necessary to subtract in each case "purchases for resale" specific to each activity, and subcontracting to third parties; in this way the idea of value of production, which includes the actual provision of services, the profit margin and the production of goods in the classical sense of the term, is obtained. The value of production cannot be aggregated since it includes intermediate consumption (unlike value added), but it enables significant comparisons to be made between each activity and each enterprise. From this stage onwards standard techniques can be used to determine value added, gross operating surplus, etc.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 66-67

- ⇨ CAPITALIZED PRODUCTION
- ⇨ CHANGE IN STOCKS (INVENTORIES) OF GOODS PURCHASED FOR RESALE, AND SUBCONTRACTING TO THIRD PARTIES
- ⇨ CHANGE IN STOCKS (INVENTORIES) OF PRODUCTS HELD BY PRODUCERS
- ⇨ INTERMEDIATE CONSUMPTION
- ⇨ PRODUCTION
- ⇨ PURCHASES OF GOODS AND SERVICES FOR RESALE, AND SUBCONTRACTING TO THIRD PARTIES
- ⇨ TURNOVER

VALUE OF TANGIBLE GOODS ACQUIRED THROUGH FINANCIAL LEASING

A lease is defined as an agreement whereby the lessor conveys to the lessee in return for rent the right to use an item of property for an agreed period of time. A financial lease is one that transfers substantially all the risks and rewards incident to legal ownership of an item of property. The title to the property may or may not be eventually transferred. Included in this heading should be the value (or estimate of the value) of all tangible goods made available for use by the unit by way of a financial leasing contract. The value of the goods used under financial leases should be included for the reference period in which the inception of the lease occurs. Included here are all categories of tangible goods as defined for headings 15 12 0 to 15 15 0. Annual payments of rent for assets used under financial leasing should be excluded. The value of goods used under leases other than financial ones should also be excluded.

Source: Definitions of the characteristics in the draft Regulation on structural business statistics, version 01, 14 March 1994, Code 15 31 0

- ⇨ GROSS INVESTMENT IN CONSTRUCTION AND ALTERATION OF BUILDINGS
- ⇨ GROSS INVESTMENT IN EXISTING BUILDINGS AND STRUCTURES
- ⇨ GROSS INVESTMENT IN LAND NOT BUILT UPON
- ⇨ GROSS INVESTMENT IN MACHINERY AND EQUIPMENT

VARIABLES CONCERNING THE CHARACTERISTICS AND DEMOGRAPHY OF ENTERPRISES

This heading comprises of factors which explain the characteristics and demography of enterprises.

The demography of enterprises can be assessed by looking at the change in the number of enterprises by activity. This gives the net balance of start-ups and closures but does not give the factors which explain the often rapidly changing demography of service units.

Other variables must therefore be collected:

- Number of business start-ups with a distinction between genuine start-ups and non-genuine ones (resumption of existing enterprises)
- Number of business closures with a distinction between genuine closures (cessations) and non-genuine ones (suspension then resumption)
- Date of the business start-up
- Legal status of the enterprise (legal category): sole proprietorship, partnership (specific, limited liability, etc.), company constituted under civil law, company with share capital, association, etc.
- Number of local units belonging to the enterprise
- Mono-regionality variables: an enterprise is considered to be mono-regional if at least 80% of its employees are in a single region
- Main region of operation, calculated via the employees of the local units
- Attachment of the enterprise to a group

These variables are listed for information only. Even if a register exists, it is extremely difficult to trace the demography of units. More methodological progress is needed in this field.

For some sectoral activities in which local units are very important (retail trade, HORECA, etc.) these variables may also be collected for local units.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 72

- ⇨ ENTERPRISE
- ⇨ LOCAL UNIT
- ⇨ NUMBER OF ENTERPRISES
- ⇨ NUMBER OF LOCAL UNITS

VARIABLES RELATING TO MARKET SHARE AND INTERNATIONALIZATION

Share of production carried out by units under the majority control of residents as a proportion of the total domestic production of products.

A market-share analysis by product is carried out by comparing the different components making up the apparent consumption of the product (turnover, exports, imports).

For services, an analysis of internationalization cannot be restricted to exports and imports alone. The setting-up of subsidiaries abroad also needs to be examined both from a stocks point of view (setting up abroad) and from a flow point of view (annual investments made abroad). Likewise, the number of enterprises from the rest of the world setting up in the Community also needs to be established. Finally, revenue flows (inputs and outputs) resulting from the setting up of subsidiaries or worksites in the rest of the world need to be established. These variables should make it possible to measure the level of internationalization by sector.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 73

- ⇨ NUMBER OF ENTERPRISES
- ⇨ PRODUCTION

VARIABLES RELATING TO PERSONNEL QUALIFICATION LEVELS

Wage and salary earners are broken down into the following:

- executives and managers
- employees and service personnel, apprentices

Wage and salary earners' qualifications are quite varied and specific according to the different sectoral activities. Breakdowns therefore have to be adapted for each sector of activity but should, whatever the level of detail used, be based on the above two headings:

For non-wage and salary earners, a distinction is made between:

- company heads (employers and the self-employed persons)
- family workers

The distinction between executives and managers on the one hand and employees and service personnel on the other is a determining factor for wages and salaries and level of value added per capita.

Source: Methodological manual of statistics on service enterprises, chapter "General Framework", Version 2, P. 77

- ⇨ NUMBER OF WAGE AND SALARY EARNERS

VOLUNTARY SOCIAL BENEFITS

- ⇨ EMPLOYERS' SOCIAL CONTRIBUTIONS

WAGES AND SALARIES

- ⇨ GROSS WAGES AND SALARIES
- ⇨ NUMBER OF HOURS WORKED BY WAGE AND SALARY EARNERS
- ⇨ NUMBER OF WAGE AND SALARY EARNERS
- ⇨ VARIABLES RELATING TO PERSONNEL QUALIFICATION LEVELS