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DRAFT INTERNATIONAL RECOMMENDATIONS ON STATISTICS  
OF THE DISTRIBUTIVE TRADES AND SERVICES

Report of the Secretary-General

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## INTRODUCTION

1. The first draft of a background study on national practices in respect of statistics of the distributive trades and services, within the framework of the present international recommendations, was submitted to the sixteenth session of the Statistical Commission (E/CN.3/407).
2. The Commission, after studying that document, adopted a resolution at the 290th meeting, on 15 October 1970, which, in part, requested the Secretary-General: "To draft a revised version of the international recommendations in respect of statistics of the distributive trades and services in the light of national and international requirements for these data and national practices". 1/
3. Document E/CN.3/430 was prepared in response to the request of the Commission and submitted to the seventeenth session. After studying it, the Commission requested the Secretariat to circulate the document among national statistical offices for further comments and to prepare a revised version for consideration by the eighteenth session.
4. The present document has been prepared in response to the request of the Commission and it is based on the draft study, the comments received on it from national statistical authorities and the views expressed by the Commission at its seventeenth session. In addition, special care has been taken to incorporate all relevant material from the present recommendations; this document therefore should be regarded as the draft proposals for the revision and extension of the existing international recommendations in this field. 2/

### Action by the Commission

5. After considering this document, the Commission may wish to decide on the recommendations contained in it. In case of approval, it may wish to request the Secretariat:
  - (a) To revise the document in the light of the views of the Commission at its eighteenth session; and
  - (b) To issue the revised document as the international recommendations on statistics of the distributive trades and services.

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1/ Official Records of the Economic and Social Council, Fiftieth Session, Supplement No. 2 (E/4938), resolution 12 (XVI), para. 2.

2/ International Recommendations in Statistics of Distribution, Statistical Papers, Series M, No. 26 (United Nations publication, Sales No. 58.XVII.4).

Need for distributive-trade statistics

6. Distributive-trade and services activities account for a substantial proportion of the total economic activity in every country, whether in terms of the contribution of the sector to the gross domestic product or in terms of its share of total employment. These activities are widely scattered within a country, and the economic function they perform in channelling the flow of goods and services from the producer to the consumer is of great significance.

7. Data on distributive trades are required for a variety of purposes. One of the most important is, undoubtedly, to provide a basis for assessing trends in the economy. For this purpose, annual and more frequent estimates on the contribution of this sector to the national economy, which as stated earlier is quite substantial, play an important role. Wages and salaries earned in the sector, changes in stocks, gross fixed capital formation and sales to final consumers would provide useful indicators on the activity and trends of the sector. Comprehensive data on distributive trades, broken down by kind of activity, are required in building up indexes of wholesale and retail trades, which are important indicators of business activity.

8. For the administrator concerned with taxes on sales of commodities, sales data by kind of activity are of considerable importance, both for assessing whether sales taxes are properly collected and for developing sources of revenue by modifying the list of taxed commodities and the rate structure. For planning authorities, an accurate knowledge of the volume and the channels of flow of goods and services is essential. Distributive-trade data help not only in presenting the current picture but also in studying the structural changes, and are an aid in formulating plans for bringing about the desired changes through production, price and distribution policies.

9. Data are of great use to trade and industry for market research, market surveys, trend analysis, and for their own planning. Statistics of trade over a period of time by kind of activity can indicate areas of expanding or contracting demands for different commodity groups and broad patterns of changing consumer tastes. A clearer picture of the margins between wholesale and producers' prices, wholesale and retail prices etc. could be obtained through the statistics of distributive trades.

History of the recommendations

10. The Commission, at its ninth session held in 1956, adopted recommendations for statistics of the distributive and related service trades; these recommendations were published in 1958. 2/

11. The recommendations of the Commission on the wholesale, retail and related service trades were based on consideration by the Commission of the report of the Expert Group on Distribution Statistics (E/CN.3/L.36), which met in October 1955, the comments on this report by countries, and the report of the second session of the Working Group on Distribution Statistics of the Conference of European Statisticians.

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12. Two regional economic commissions (ECE in 1965 3/ and ECAFE in 1966 4/) have held meetings on the subject and the 4th meeting of ECE's working group was held in 1968. 5/ These meetings indicate that the present international recommendations in this field have served as a useful guide to countries which have undertaken inquiries. However, as acknowledged by the Commission in examining the work done in various countries in the past decade, there are a number of problems which were not adequately dealt with in the present recommendations.

13. There are additional reasons for revising the present recommendations. The revision of the United Nations System of National Accounts 6/ has implications, for example, for the concepts, definitions, classifications and terminology used in statistics of the distributive trades and services and the priorities assigned to these data in relation to those of the national accounts. In addition, some changes in the present recommendations are implied by the revision of the International Standard Industrial Classification (ISIC), 7/ particularly with respect to the boundaries of the service trades.

#### Purpose of the international recommendations

14. The draft proposals are presented here as a revised and updated version of the international recommendations adopted in 1956, in the light of national experiences and present international requirements for statistics of the distributive trades and services.

15. It is recognized that distinct advantages would be attained in practice by the standardization of definitions, methods and procedures utilized for the common features in economic inquiries. In particular, because of the similarities between industrial and distributive-trade inquiries, some countries have conducted inquiries into these sectors as part of an integrated economic survey. While the present recommendations for statistics of the distributive trades and services are presented as a separate unit, they incorporate to the extent feasible relevant standards from the recommendations for industrial statistics.

16. The international recommendations for industrial statistics 8/ are presented in two versions, one applicable to countries with developed statistics, and the

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3/ "Working Group on Statistics of the Distributive Trades; report of the third session" (Conf.Eur.Stats/WG.4/15).

4/ "Report of the Seminar on Censuses and Sample Surveys of Distributive Trades" (E/CN.11/749).

5/ "Working Group on Statistics of the Distributive and Service Trades; report of the fourth session" (Conf.Eur.Stats/WG.4/21).

6/ A System of National Accounts, Studies in Methods, Series F, No. 2, Rev.3 (United Nations publication, Sales No. E.69.XVII.3).

7/ International Standard Industrial Classification of all Economic Activities, Statistical Papers, Series M, No. 4, Rev.2 (United Nations publication, Sales No. E.68.XVII.8).

8/ International Recommendations for Industrial Statistics, Statistical Papers, Series M, No. 48 (United Nations publication, Sales No. E.68.XVII.10).

other applicable to countries which are beginning to develop or are in the process of developing their industrial statistics. This seems to be a useful distinction also relevant in the case of the recommendations for statistics of the distributive trades and services which should be geared to the needs of both the developed and the developing countries.

17. Two important differences must, however, be noted with respect to the industrial statistics recommendations. First, it would seem that a distinction between small units and large units is not particularly meaningful for distributive-trade statistics and, therefore, this distinction has not been introduced on the grounds that proper sampling techniques should be used by countries, rather than a limitation of coverage based on unit size. Secondly, while recognizing the need for annual data, to regard the annual inquiry as the core of the system seems too ambitious and, for purposes of this programme, the infrequent inquiry is recommended as the basic one. In general, the building up of an integrated system of statistics of the distributive trades and services is a difficult and long-range task, particularly for developing countries. Even for developed countries, while it would be feasible to suggest that the approach used for industrial statistics could also be followed for statistics of the distributive trades, for services-trades statistics the basic inquiry would still be infrequent.

18. The international recommendations presented here constitute a programme conceived as a set of standards aimed at the building up of an integrated system of statistics of the distributive trades and services. The programme relates to the kinds of data which countries are recommended to collect at different intervals of time. Some guidance on the kinds of priorities which are most likely to minimize the practical problems and at the same time provide the most essential data is also given.

19. This paper does not deal with sources of data or methods of collection. The standards proposed may involve collection of data directly from statistical units, collection of data from reporting units other than statistical units or the extraction of relevant information from social security, tax records or other administrative sources. The data may be gathered by field enumeration or by mail, from all units or from a sample of units, or by a combination of these methods depending on circumstances and the size of units. It is proposed that the practical aspects of undertaking the inquiry will be discussed in a manual on the organization and conduct of surveys into the distributive trades and services, which will be prepared by the United Nations, as a methodological supplement to the international recommendations.

#### Organization of the recommendations

20. Chapter I defines the types and frequency of the inquiries and considers the scope and classification, coverage and reference period of the inquiries and the statistical unit to be used. It ends with a discussion of the treatment of ancillary units and secondary activities. Chapter II describes the characteristics of the statistical unit and its classification. Chapter III contains two tables

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which list the items of data recommended for collection and the statistics recommended for publication. Separate recommendations are made for countries with developed statistics of the distributive trades and services and for countries in the process of developing, or just beginning to develop, their distributive-trade statistics. Chapter IV contains the definitions of the items of data recommended for collection and of the statistics recommended for publication.

I. SCOPE, COVERAGE AND UNITS TO BE USED

A. Types of inquiries and frequency

21. The inquiries included are infrequent, annual and more-frequent-than-annual inquiries of a regular nature. In other words, the programme set out below involves the collection and compilation for establishments or establishment-type units of (a) comprehensive data once every five years or at least every 10 years, (b) less detailed statistics for each intervening year and (c) selected indicators monthly or quarterly.

22. Ad hoc inquiries taken occasionally or at irregular intervals, as well as financial or other data gathered for enterprises or enterprise-type units, are not dealt with in the recommended programme. However, the use of the enterprise as the reporting unit to obtain data relating to establishments or establishment-type units is not precluded; on the contrary, it might be advisable in some cases.

23. The infrequent inquiry would provide a directory or list of statistical units, a framework for sample surveys, and weights for different indicators of short-term range. The annual inquiry would be used to update the information obtained in the infrequent inquiry and, at the same time, would serve to revise the estimates obtained from the smaller monthly or quarterly samples. The more-frequent-than-annual inquiries, in turn, would provide data for short-term indicators and for calculating provisional annual figures.

24. Finally, in applying the recommendations regarding the frequency of the inquiries, some degree of flexibility is essential in consideration of particular situations in countries. For example, the recommendations concerning some items of data to be collected in infrequent inquiries would not necessarily apply to countries which already collect those data with adequate coverage in annual inquiries etc.

B. Scope and classification

25. For the purpose of these recommendations, the distributive-trades-and-services sector comprises all establishments located within the territorial boundaries of the reporting country which are engaged primarily in wholesale and retail trade, restaurants and hotels (ISIC major division 6) and selected services (parts of ISIC divisions 83, 94 and 95).

26. In general, the recommended scope is limited to business establishments the activities of which are financed by the selling of goods and services in the market at a price that is normally designed to cover the costs of selling those goods and services.

27. The activities regarded as falling within the scope of the distributive trades and services can be defined in terms of the groups of ISIC, as follows:

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<u>ISIC group</u>	<u>Activity</u>
6100	Wholesale trade
6200	Retail trade
6310	Restaurants, cafés and other eating and drinking places
6320	Hotels, rooming houses, camps and other lodging places
8310	Real estate
8323	Data processing and tabulating services
8325	Advertising services
8330	Machinery and equipment rental and leasing
9411	Motion picture production
9412	Motion picture distribution and projection
9413	Radio and television broadcasting
9414	Theatrical producers and entertainment services. /Theatrical and other entertainment services./
9511	Repair of foot-wear and other leather goods
9512	Electrical repair shops
9513	Repair of motor vehicles and motor cycles
9514	Watch, clock and jewellery repair
9519	Other repair shops, n.e.c.
9520	Laundries, laundry services, and cleaning and dyeing plants
9591	Barber and beauty shops
9592	Photographic studios, including commercial photography

1. Wholesale trade

28. Wholesale trade is defined in ISIC as:

"The re-sale (sale without transformation) of new and used goods to retailers; to industrial, commercial, institutional or professional users; or to other wholesalers; or acting as agents in buying merchandise for, or selling merchandise to, such persons or companies. The principal types of businesses included are merchant wholesalers, i.e., wholesalers who take title to the goods they sell, such as wholesale merchants or jobbers, industrial distributors, exporters, importers, terminal elevators, and co-operative buying associations; sales branches and sales offices (but not

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retail stores) which are maintained by manufacturing or mining enterprises apart from their plants or mines for the purpose of marketing their products and which do not merely take orders to be filled by direct shipments from the plants or mines; merchandise and commodity brokers, commission merchants and agents; petroleum bulk stations; and assemblers, buyers, and co-operative associations engaged in the marketing of farm products. Wholesalers frequently physically assemble, sort and grade goods in large lots; break bulk, re-pack and bottle (except in air-tight containers), and redistribute in smaller lots; store, refrigerate, deliver and install goods; and engage in sales promotion for customers. Also included are scrap metal, waste and junk dealers and yards. The leasing and rental of industrial machinery and equipment is classified in group 8330 (Machinery rental and leasing). The bottling of natural mineral waters at springs and wells is classified in group 3134 (Soft drinks and carbonated water industries)." 9/

29. In order to ensure international comparability, for countries which exclude units apparently falling under the above definition and include units which fall outside, it is recommended, where possible, that all deviations should be noted and data for the units that are treated differently should also be shown separately.

## 2. Retail trade

30. Retail trade is defined in ISIC as:

"The re-sale (sale without transformation) of new and used goods to the general public, for personal or household consumption or utilization, by shops, department stores, stalls, mail-order houses, gasoline (petrol) filling stations, retail motor vehicle dealers, hawkers and peddlers, consumer co-operatives, auction houses etc. Most retailers take title to the goods they sell but some act as agents for a principal and sell either on consignment or on a commission basis. Establishments engaged in selling to the general public, from displayed merchandise, products such as typewriters, stationery, lumber or petrol, are classified in this group though these sales may not be for personal or household consumption or use. However, establishments which sell such merchandise to institutional or industrial users only, are classified in group 6100 (Wholesale trade). Also classified in Retail trade are establishments primarily engaged in renting goods to the general public for personal or household use, except amusement and recreational goods such as boats and canoes, motor-cycles, bicycles and saddle horses. The renting to the general public of the amusement and recreational goods is classified in group 9490 (Amusement and recreational services n.e.c.). Repair and installation services rendered by establishments

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9/ International Standard Industrial Classification of all Economic Activities, Statistical Papers, Series M, No. 4, Rev.2 (United Nations publication, Sales No. E.68.XVII.8), p. 36.

mainly engaged in retail trade are included in this group. The sale of food and drinks for consumption on the premises is classified in group 6310 (Restaurants, cafés and other eating and drinking places)." 9/

31. Although there may be practical difficulties with respect to particular activities in some countries, the above definition seems to be generally acceptable and workable. The main criterion in defining retail trade is that the goods are sold to individuals for personal or household use or consumption regardless of the nature of the commodity sold, the place where it is sold or the method of operation of the selling unit.

32. As in the case of wholesale trade, although in some countries deviations from the definition of retail trade are likely to occur, the variations in national practice do not necessarily lead to lack of international comparability if the deviations are noted and where possible data are shown separately for the units that are treated differently.

### 3. Service trades

33. The recommended scope for the service trades has already been defined in paragraph 27 above by the description of the ISIC groups included, which are self-explanatory. In principle, the scope is confined to services rendered to households and enterprises of the types normally provided by establishments which can be described as stores, hotels, restaurants, theatres, shops and offices.

34. In order to keep the scope of the inquiries to a manageable size, some important exceptions to the above-mentioned general rule have been made and the following activities have been excluded from the recommended scope of the service trades: (a) producers of government services, (b) producers of private non-profit services, (c) financial institutions and insurance, and (d) some services rendered by individuals (professionals, artists, authors, servants etc.).

35. For purposes of international comparability, the scope of the inquiries into the service-trades sector as defined in the preceding paragraphs should be regarded as a minimum recommendation for national use. With respect to the groups not listed in paragraph 27, it is open to question whether some of them could be considered for inclusion within the scope of a national inquiry and countries should adopt the solution that is in line with their national practices and the particular conditions of the inquiry.

36. The list of service trades in paragraph 27 has been drawn up by selecting the activities most likely to be common to all countries. However, the services listed do not all rank equally for collection of data and it is difficult to specify separate priorities for each of them. For a particular country, adjustments may be required in the scope of the inquiries, such as the deletion of unimportant or non-existing services and the inclusion of others which are of some importance in the country concerned. Some countries may wish to include all establishments belonging to ISIC major divisions 8 and 9. In this case, a limited programme for the groups not listed, restricted to the most essential items of data, would be advisable.

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### C. Coverage

37. The coverage of the inquiries will in practice vary according to the frequency with which the data are required, the difficulty of obtaining the data, the existence of alternative sources and the resources available for the inquiries. In principle, no restrictions should be placed on the coverage of the inquiries, either in terms of the size of the establishment or in terms of its structural characteristics. While this is not to say that a complete enumeration of establishments of all sizes is required, it does mean that the enumeration should be such that satisfactory estimates can be prepared for the universe as a whole.

38. The reason the recommended coverage is not limited to the larger units is because small units account for a significant proportion of total activity in many of the distributive trades. However, owing to the difficulties of collecting data from a large number of small units with rudimentary or non-existing records and numerous illiterate respondents, and the problems of maintaining a list of those units, sampling and a restriction of the amount of data requested will need to be applied if the task of covering such units is to be manageable. In the case of retail shops, eating and drinking places and other services which tend to be physically distributed in accordance with population, area sampling is particularly efficient.

39. Countries which are beginning to develop their systems of basic statistics of the distributive and services trades, may also find it advantageous to limit the coverage of the basic inquiry to recognizable establishments. In these inquiries, canvassing for location and identification of respondents is restricted to structures that are obviously non-residential and to business units that are easily recognizable as such. Another commonly used restriction on the coverage, particularly for the retail and some of the service trades, is the exclusion from the inquiries of all units where the activities are not carried out at fixed premises or at a permanent location. For countries applying these restrictions, the fact should be noted in the published figures.

### D. Reference period

40. For the annual and the infrequent inquiries the data compiled should, in general, relate to a 12-month period. This 12-month period should preferably be the calendar year. For international comparisons, the application of some method of estimation may have to be considered in those cases where information is collected and compiled on a fiscal-year basis.

41. However, if a fiscal year different from the calendar year is the normal accounting period for most establishments, then the data may be compiled uniformly on a fiscal-year rather than a calendar-year basis. There are advantages if all establishments can submit returns covering an identical 12-month period, particularly in integrating the annual data with monthly or quarterly data.

42. For the more-frequent-than-annual inquiries, the reference period should normally be the calendar month or the calendar quarter (January-March, April-June, July-September, October-December). However, for flows such as turnover, which can show regular fluctuations of substantial amplitude between days of the week, adjustments of the monthly figures may be required in order to account for the different number of business days.

#### E. Statistical unit

43. For the inquiries dealt with in these recommendations, the statistical unit, that is, the entity for which the required items of data are gathered, should ideally be the establishment or the establishment-type unit. The reporting unit, the entity from which the data are gathered, may or may not be the establishment.

44. The distinction between the statistical unit and the reporting unit, is particularly relevant in the context of the distributive trades. In fact, for some of the items of data recommended for collection, a broader unit such as the enterprise would be a more suitable reporting unit in practice. The use of both the enterprise and the establishment as reporting units for establishment statistics, should be decided after considering the number and the importance of multi-unit enterprises and the type of records likely to be found.

45. The establishment is defined as the store, shop, office or other single location at which a combination of resources and activities is directed by one ownership in carrying out one kind of business. The establishment includes associated ancillary units, e.g., subsidiary warehouses, garages and offices in its proximity.

46. Some deviations from the concept of establishment, as defined in the preceding paragraph, are accepted in practice. For instance, although the establishment is characteristically limited to activities directed by one ownership, in certain instances the concept is broadened to include leased departments or concessions operated by others as an integrated part of the main store operation.

47. In practice, the extent to which information can be obtained for different kinds of business at one or more locations or for one kind of business at different locations that are under the same ownership or control, determines whether it is feasible to divide them into different establishments. It may be particularly difficult to gather some of the data sought with regard to capital expenditures, inventories and purchases or especially inconvenient to gather monthly or quarterly information for each separate kind of business or location that is under the same ownership. In these cases, it may be necessary to combine into one establishment (a) different kinds of business carried on by one ownership at one location (local unit), particularly in infrequent inquiries; (b) one kind of business carried on by one ownership at different locations (kind-of-activity unit), particularly in the case of annual and more frequent inquiries; or even (c) different kinds of business carried on by one ownership at different locations.

48. In the various situations that may arise, as an alternative to the establishment, one of the statistical units discussed in the preceding paragraph may have to be considered, the selection of which will depend on the particular situation. For example, if the retail and wholesale trades are carried on by the same unit at one location, it will probably be necessary to use the local unit for all data except sales and receipts. On the other hand, if this is the case for manufacturing and retailing, it may be more feasible to separate the activities in separate establishments. For data on purchases and fixed capital formation, the kind-of-activity unit does often need to be resorted to in the case of large enterprises engaged in mixed activities at multiple locations, and it is often necessary to use this statistical unit for all data in quarterly or monthly inquiries.

49. Thus, the organization and record-keeping practices of reporting units and the consequent limitations on the availability of data must be taken into account in defining the establishment for practical purposes. In operational terms, the establishment is defined as the combination of activities and resources directed by a single owning or controlling entity towards the handling of the most homogeneous group of goods or provision of services, often at one location, but sometimes spread over a number of nearby sites, for which separate records are available that can provide data concerning the activities of the establishment and the resources (materials, labour and physical resources, both direct and indirect) used for this purpose.

50. The kind-of-activity unit differs from the establishment in that there is no restriction on the geographical area in which a given kind of activity is carried out by a single owning or controlling entity. In certain instances, the availability of data on a kind-of-activity unit basis may suggest the use of this unit in distributive and service trades rather than the establishment. For example, data on fixed capital formation, stocks and sales may be available readily for kind-of-activity units but not for establishments; at the same time, interest in the classification of the data according to area or size of establishment may, in annual and especially in more-frequent-than-annual inquiries, be less important. More generally, the kind-of-activity unit may, for many purposes, be considered as a suitable alternative to the establishment in those countries where the larger multi-establishment enterprises organize their records on this basis.

51. In some cases, a single owning or controlling entity may engage in more than one kind of economic activity at a single location, or at two or more nearby sites. Furthermore, the organization and record-keeping practices of the enterprise may be such that data in respect of the outputs and coupled inputs of differing classes of activity cannot be compiled separately. In these instances, it will be necessary to utilize the local unit, i.e., all the economic activities carried on by the owning or controlling entity at the single location, or the somewhat wider area defined above, as the statistical unit. However, if most entities are in a position to report on the activities separately, efforts should be made to subdivide the local unit into statistical units which are comparable to the establishments which can be delineated in most instances.

52. It is recognized that the choice of the most appropriate statistical unit for use in the inquiries would also depend on the items of data to be collected as well as on the frequency of the inquiry, the uses which the data are expected to serve and the practicability of using the particular unit. For the infrequent and annual collection of the items of data listed in these recommendations, the establishment is the internationally recommended statistical unit. As mentioned in paragraph 49, the ideal establishment concept would probably have to be modified in practice. In certain multiestablishment enterprises, for example in the wholesale and retail trade, value data (particularly cost data) are recorded for lines of activity according to the commodities handled without regard to location, but other items of data such as employment and sales are usually available and can be collected on an establishment or at least a local-unit basis. In fact, in infrequent inquiries it may be desirable to gather data showing the interrelations between the local units, establishments and kind-of-activity units in the case of multiestablishment, multilocation ownerships.

53. In countries with centrally planned economies, the enterprise is usually used and these enterprise units are usually engaged in predominantly one kind of activity. For purposes of international comparability, data for such enterprises classified by kind of activity would thus be broadly comparable with data classified by kind of activity compiled on an establishment basis.

#### F. Ancillary units

54. Ancillary units provide non-durable goods or services primarily, or exclusively, for the use of their parent establishments. These goods and services do not become a physical part of the output of the parent establishments and are customarily provided by subsidiary and supporting activities which are an integral part of the activities of most establishments.

55. The clearest example of an ancillary unit is a central administrative office. Other examples are warehouses, garages, repair shops or electric power plants which primarily serve their parent units. In relation to the distributive and service activities, these ancillary units can be of three kinds: distributive and service units ancillary to units falling into some other groups of the distributive and service sector, e.g., a separately located warehouse (which is also available for public use) of a wholesaling unit; distributive and service units ancillary to units classified to sectors other than the distributive and service trades, e.g., a sales office of a manufacturing unit; and finally, ancillary units not engaged in distributive or service trades which are ancillary to units classified to the distributive and service-trades sector, e.g., power plants operated by a retail or wholesale unit.

56. The treatment recommended for ancillary units is set out in the text of ISIC. <sup>10/</sup> If the ancillary activities are carried out for the benefit of a single statistical unit, these activities, and the resources involved in the activities,

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<sup>10/</sup> Ibid., pp. 14-16.

should be included as an integral part of the activities and resources of the parent statistical unit. However, where the main activities of the statistical unit and the supporting ancillary activities are located in different geographical areas, in terms of the areas used for statistical purposes, it would be desirable to gather separate supplementary data in respect of the ancillary unit concerning the items which are to be classified according to those geographical areas.

57. Where ancillary activities are organized in support of two or more statistical units of a multiunit enterprise, they constitute a central ancillary unit. If the required data can be supplied in respect of this unit, it might be treated as a separate unit. It should in general be classified to the same category of ISIC as the predominant kind of activity of the units which it serves. Similarly, a large separately located ancillary unit for which the appropriate data may be gathered, might be treated as a separate statistical unit though it served a single statistical unit only. As in the case of the central ancillary unit, it should be classified to the activity of the statistical unit which it serves. However, in both cases, i.e., the central ancillary unit and the large, separately located ancillary unit, classification of the units according to their own activities is not precluded for purposes of supplementary tabulations.

58. The classification of central ancillary units, particularly central administrative offices, according to the predominant kind of activity of the establishments served by them may, in some cases, be questionable or difficult. The predominant kind of activity may account for much less than half of the total activity of the establishments served, or these establishments and the central administrative office may be located in different countries. This has led to the provision of a special category for central administrative offices in the case of some national industrial classifications. The special category is included under the equivalent of the activity of business services in ISIC, or is provided for under manufacturing, wholesale and retail trade and perhaps under other major divisions of the national classification. In the second case, the central administrative office is classified to the special category under the major division in which the predominant activities of the parent enterprise fall.

#### G. Secondary activities

59. Secondary activities are those activities carried on by an establishment which do not fall into the same category of the industrial classification as the major activities of the establishment and which cannot be considered ancillary activities.

60. Units engaged in ancillary activities should be treated as separate establishments and, more importantly, they should be classified to their own activity only in certain circumstances (see para. 57). On the other hand, units engaged in secondary activities should normally be treated as separate establishments and classified to their own activity if the necessary data are available and if the activity is of sufficient importance. If separate data are not available or if the activity of the establishment is of minor importance, it should be dealt with as part of the activity of the establishment in exactly the same way as the main activity.



## II. CHARACTERISTICS OF THE STATISTICAL UNIT AND ITS CLASSIFICATION

### A. Kind of activity

61. The classification by kind of activity refers to the major kind of activity carried on by the establishment, i.e., wholesale trade, retail trade or service. The groups of ISIC listed in paragraph 27 above might be utilized to classify establishments by kind of activity.

62. The activities of the establishment should, in general, be determined by the goods which it sells or the services which it renders. It is recommended that the major kind of activity should be based on the proportion of the value of sales of goods and receipts from services which is attributable to the goods and services associated with this kind of activity. The major portion of the sales and receipts of the establishment should be accounted for by the selling of these goods and the provision of these services.

63. In the case of wholesale and retail trade (ISIC 6100 and 6200), a more detailed breakdown of activity should normally be sought than that given at the group level in ISIC. Although it is difficult to formulate international recommendations for a more detailed breakdown because national requirements at this level might differ widely, the following tentative groups might serve as a guidance for those countries which are considering the subdivision of ISIC divisions 61 and 62. These groups have been developed along the lines of the "possible subdivision for national use", which were published as part of the 1958 version of ISIC, 11/ as well as on the basis of classifications at present in use in a number of countries:

6100 Wholesale trade:

- 6101 Agricultural raw materials and farm supplies
- 6102 Minerals (except petroleum), metals and industrial chemicals
- 6103 Petroleum and petroleum products
- 6104 Food, beverages and tobacco
- 6105 Dry goods, textiles and apparel
- 6106 Lumber and construction materials and supplies
- 6107 Furniture and house furnishings
- 6108 Paper and paper products
- 6111 Drugs, drug proprietaries and druggists' sundries
- 6112 Hardware, plumbing and heating equipment and supplies and electrical goods
- 6113 Industrial, commercial and agricultural machinery and equipment
- 6114 Motor vehicles and automotive parts and supplies
- 6118 Scrap and waste materials
- 6119 Wholesale trade not elsewhere classified

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11/ International Standard Industrial Classification of All Economic Activities, Statistical Papers, Series M, No. 4, Rev.1 (United Nations publication, Sales No. 58.XVII.7).

## 6200 Retail trade:

6201	Department, variety and general merchandise stores
6202	Grocery and other food and beverage stores
6203	Dry goods, apparel and foot-wear stores
6204	Pharmacies and drug stores
6205	Book and stationery stores, news-stands
6206	Hardware, lumber and other building materials stores
6207	Furniture, home furnishings and equipment stores
6208	Motor vehicle, motorcycle and parts and accessories stores
6211	Gasoline (petrol) service stations
6212	Watch, optical goods, musical instrument and jewellery stores
6219	Retail trade not elsewhere classified

64. A number of countries have experienced practical difficulties in distinguishing wholesale and retail activities, as these are not infrequently carried on in the same entity and separate data are rarely available for each kind of activity. The approach suggested in ISIC is that if each of the various kinds of activity of a given entity is substantial and usually carried on in distinct establishments, then, efforts should be made to subdivide it into statistical units which are comparable to the establishments delineated in most instances. However, it is recognized that when separate data simply do not exist, it would be necessary to use the local unit as the statistical unit.

65. If the local unit involved in both wholesale and retail trade is used as the statistical unit, there is a problem of allocating it to a particular category of the kind-of-activity classification. The usual solution to this is to classify the whole entity to either the wholesale or the retail group depending upon which is the major activity.

66. For countries not following the United Nations standard in their national classification, it is recommended that provision be made for the classification by kind of activity of all the important items of data at the most detailed level of the national classification in order to permit conversion to the recommended groups of ISIC.

#### B. Type of operation

67. The type of operation, which might also be termed kind of technical organization, relates to the principal way or means of doing business of wholesale and retail-trade establishments. The type of operation is of greater interest for the wholesale trade than for retail trade. It is recommended that data on the type of operation should be collected in infrequent inquiries for both wholesale and retail units but annually for wholesale units only. It is of little relevance for any of the various service trades dealt with in the present recommendations.

68. For the wholesale-trade units, the following breakdown of the classification by type of operation is recommended:

/...

(a) Wholesalers who buy and sell mainly on own account (sometimes called merchant wholesalers);

(b) Manufacturers' sales offices and sales branches (if organized as separate units, for which separate records are kept);

(c) Agents and brokers, i.e., those who buy and sell mainly on the account of others.

69. The procedure for the classification by type of operation of units which, at the same time, buy and sell on own account and also act as agents or brokers on the account of others, is to classify as an agent or broker any wholesaler whose receipts from commissions are greater than his gross margin on goods sold on his own account.

70. In addition to the type of operation described above, the following classifications which may be useful for national purposes should be mentioned: (a) all or some of the categories by domestic trade and import and export trade; (b) domestic wholesalers by full service and limited service (e.g., cash-carry, wagon distributors, desk jobbers, drop shippers); and (c) domestic wholesalers by wholesalers in goods used in production and wholesalers in consumer goods.

71. In the case of retail-trade establishments, for purposes of international comparability and usefulness of the data, the breakdowns are considered of lesser importance and the classifications that are most appropriate for the country might be used. A possible classification recommended as a guide for countries is as follows:

(a) Stores and shops  
possibly distinguishing:

Self-service

Other

(The distinction between self-service shops and stores, and others should be based on whether the main part of the unit's operations is carried out on a self-service or on a traditional-service basis);

(b) Stalls (fixed places, where the customer does not enter the premises where the sale takes place);

(c) Mail-order houses;

(d) Itinerant trade (if included in the coverage (see para. 39), this group comprises ambulant trade, house-to-house canvassing, street sales and market sales);

(e) Other retail trade (vending machine operators are included here).

C. Kind of economic organization

72. The kind of economic organization is intended to indicate whether the establishment is the sole establishment of the enterprise of immediate ownership or is part of a multiestablishment enterprise. Multiestablishment enterprises might be divided into classes according to the number of establishments that are most appropriate for each country.

73. It is recommended that data on kind of economic organization be collected in infrequent inquiries only, with a lower priority in the case of wholesale trade than in the case of retail and service trades. In general, the collection of these data should be possible when the links between individual establishments and any parent enterprise are clarified.

74. In order to identify the enterprise to which the establishment belongs, the name of the enterprise of immediate ownership and the address of its central office should be requested. Similarly, the central office of the legal entity, or the establishment itself, might be asked whether the firm is owned or controlled by another legal entity and, if so, the name and address of the central office of that legal entity. For practical purposes, it is also useful to request from the central offices a list of subsidiary legal entities and establishments.

D. Kind of legal organization and type of ownership

75. The kind of legal organization is the legal form of the enterprise which owns the establishment. This item of data is chiefly of national rather than international interest and the classification should depend on the national institutional organization. The classification by kind of legal organization should at least distinguish individual proprietorships, limited liability organizations and all others.

76. Data for this item need to be collected only in infrequent inquiries. In addition to the kind of legal organization, it might be considered useful for some countries to distinguish the type of ownership, i.e., between privately owned and the various forms of publicly owned units. A further classification of ownership, which may be important for some countries, is the distinction of foreign-owned units. Abbreviated versions of the classifications by kind of legal organization and by ownership recommended are as follows:

Kind of legal organization:

(a) Establishments belonging to unincorporated enterprises (individual proprietorships and partnerships);

(b) Establishments belonging to corporate enterprises (corporations, joint-stock companies);

(c) Establishments belonging to co-operatives.

/...

Type of ownership:

- (a) Privately owned establishments;
- (b) Publicly owned establishments.

77. The criterion to distinguish between privately and publicly owned establishments should be based on whether the ownership of the enterprise to which the establishment belongs rests with public authorities or private parties. The public authorities, or private parties, are considered to be the owners of a given enterprise if they own all, or a majority, of the unit's shares, or of its other forms of capital participation. 12/

#### E. Location

78. The location is the place at which the establishment is physically located. Countries should draw distinctions according to the areas that are used for administration, ranging from large areas (major divisions or provinces) to intermediate areas to local areas (towns). In addition, it may be desirable to distinguish economic areas utilizing, for this purpose, population density and distribution or geographical patterns of transportation, marketing or industrial characteristics. Economic areas should be delineated so as not to cut across the administrative areas in use.

79. The choice of the areas used in the location classification would be related to a number of factors. Among them is the statistical unit used; if the establishment is used, any location classification would be possible; in practice, however, it is usually necessary to define the establishment as operating often at one location but sometimes spread over a wider area. How extensive this "wider area" can be depends on the smallest area for which statistics are necessary. A second factor is the method of data collection used in an inquiry, that is, whether it is by complete enumeration or sampling. In the latter case, the location classification used is likely to be restricted. A third factor is the stability of the areas, as important comparable data over time will be lost if the areas chosen change between inquiries.

80. Classifications of establishments by location are of particular national interest. It is recommended that these data should be sought in infrequent inquiries. For the annual and more-frequent-than-annual inquiries, classification by location should be limited by the scope and coverage as well as the method of enumeration used.

#### F. Size

81. For purposes of international comparability, the size of the establishment should be defined primarily in terms of the average number of persons engaged in the establishment during the inquiry period. The size classification should

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12/ A discussion of this point appears in A System of National Accounts, Studies in Methods, Series F, No. 2, Rev.3 (United Nations publication, Sales No. E.69.XVII.3), paragraph 5.55.

consist of classes of the following sizes measured in terms of the average number of persons engaged: 1-4, 5-9, 10-19, 20-49, 50-99, 100-199, 200-499 and 500 and over. If necessary in the light of national circumstances, both the large-size classes might be combined or, inversely, more detailed classifications, where required, should be developed within this framework.

82. The use of employment figures as the criterion of size would require converting part-time workers to their full-time equivalent, particularly for retail trades and services where part-time work is common and sometimes extensive. This conversion, in turn, implies that either fairly detailed figures need to be collected as to the number of hours worked by part-time employees or that some arbitrary method of estimation for the purpose should be applied.

83. The reporting of the number of man-hours worked by employees involves some difficulties and these data may not always be available from business records. The information, however, is important in order to obtain more reliable data for productivity studies precisely because of the increasing tendency to use part-time workers.

84. Another problem in the count of employees is the existence of a number of individuals who are paid by the establishment but whose status is not clear, for example, employees working entirely on commission, mainly on commission with a small retaining fee or working for more than one employer. Each country will have to adopt some practical rules which are difficult to devise internationally. One possibility might be to count as employees only those who receive a regular salary while those who receive only or mainly commissions might be dealt with in a way similar to home-workers in the context of the manufacturing industry. That is, the payments they receive should be included as part of the cost of contract and commission work rendered by others and their number, if available, should be shown separately only as a memorandum item.

85. There are some alternative means of measuring the size of the unit which may also be of national interest for particular purposes, either alone or in conjunction with the recommended criterion. These are the turnover (or gross sales), the value added, the amount of fixed capital in use and, in the case of retail stores, the selling space. For international comparisons, however, any size criterion involving monetary values has limited application, because of the problems associated with conversion to a common currency.

#### G. Number of statistical units

86. There are four alternative counts of the number of statistical units. These are: (a) the number of statistical units making returns; (b) the number of statistical units to which the published data relate (this would be those under (a) plus any units for which estimates are made); (c) the number of statistical units active any time (or at a particular date) during the reference period falling within the scope and coverage of the inquiry (this may not be available and may or may not be the same as the number under (b)); and (d) the number of statistical units in existence, both active and inactive.

/...

87. When all data obtained from an inquiry are published, clearly the most meaningful figure of the number of establishments is that to which the data relate (count (b) in paragraph 86). There may also be some interest in the other counts listed above.

### III. ITEMS OF DATA TO BE GATHERED AND STATISTICS TO BE PUBLISHED

88. Tables 1 and 2 below contain the recommendations for the items of data to be gathered, tabulated and published on an internationally comparable basis in infrequent, annual and more-frequent-than-annual inquiries into the distributive trades and services. A number of the items listed for tabulation and publication only are derived from other items recommended for gathering.

89. Each item is indicated as being of first priority (noted in the tables by "1"), or second priority (noted by "2"). If nothing is shown against the item in a particular column, then it is not recommended for gathering or tabulation. An asterisk against the name of the item indicates that data for this item need not be published for international purposes.

90. The choice of the items listed and of the priorities indicated is based on a consideration of the relative usefulness of, or the need for, the statistics of which the item is part (or the whole) and the difficulties of gathering the items. In turn, these considerations are based on the practices followed by most countries in conducting their inquiries, as reported to the United Nations. <sup>13/</sup> In addition, countries were also requested during 1973 to examine the draft proposals contained in E/CN.3/430 and, as a result, relevant comments received from 32 countries have been taken into account in the preparation of the present draft. It is recognized, however, that needs and circumstances in this respect will vary from country to country and that some modification may be required in specific cases (see, for instance, para. 24).

91. As indicated in paragraphs 37 and 38, no attempt has been made to distinguish between large and small units for purposes of the coverage of the inquiries. However, countries should distinguish between items of data that might be gathered from all establishments and those from large establishments only. In fact, it would be quite impracticable to attempt the collection from small units of data such as sales by kind of commodity, on wholesale-retail distinction and on stocks, and all countries may wish to consider a more restricted list of items for these units using, for example, the items listed in table 2, which are recommended to be gathered by countries beginning to develop their distributive-trade statistics.

A. Data to be gathered and published by countries with developed statistics of the distributive trades and services

92. Table 1 below contains recommendations for countries with fairly well-developed statistics of the distributive trades and services.

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<sup>13/</sup> Countries were requested by the Statistical Office of the United Nations in 1972 to update the information on national practices on distributive trades and services inquiries.



93. The column headings (2) to (4) in the table refer to the frequency of inquiries for the collection of the various items of data. Different recommendations are made for infrequent, for annual and for more-frequent-than-annual inquiries. Columns (5) to (7) relate to statistics recommended for tabulation and publication by kind of activity in infrequent, annual and more-frequent-than-annual inquiries and column (8) relates to statistics recommended for tabulation and publication classified by kind of activity and size in infrequent inquiries only.

94. In order to provide an adequate basis for international analysis of the data, the kind-of-activity classifications recommended in columns (5) to (8) used by the countries should coincide with, or be convertible to, ISIC at the group level listed in paragraphs 27 and 63.

95. The classifications according to size and kind of activity in infrequent inquiries, recommended in column (8), involve showing data for establishments within each size class in each kind-of-activity group. As mentioned above, the classification should be convertible to ISIC; the level of detail shown, however, may have to be curtailed in view of the dimension added by the introduction of the size classification.

96. In addition to data on kind of activity and size, it is recommended that information for each establishment on type of operation, kind of economic organization, kind of legal organization, type of ownership and location should be gathered. Although the table does not set out any international recommendations for classification and tabulation of the data by these characteristics, they are, of course, available for this purpose. The usual types of classification, for a few items of data (for example, number of units, number of persons engaged, value of sales and, possibly, value added), will probably be by kind of activity and type of operation (wholesale and, possibly retail trade), by kind of ownership and, of particular interest for national use, by kind of activity and location. These have not been included in the table because they are less relevant than kind-of-activity and size classifications for international comparisons.

B. Data to be gathered and published by countries beginning to develop their statistics of the distributive trades and services

97. Table 2 below contains recommendations for countries which are beginning to develop, or are in the process of developing, their statistics of the distributive trades and services. Of course, all countries will eventually aim at adopting the more comprehensive recommendations in table 1, but an interim set of objectives is necessary. This interim set is a modified and shortened version of the more comprehensive recommendations.

98. The recommendations in table 2 contain fewer items of data than those in table 1 and some items are recommended for gathering less frequently or with lower priority. These less ambitious recommendations for the countries concerned are an attempt to take account of their limited resources and the difficulties involved in gathering the data.

/...

Table 1. Data to be gathered and published by countries with developed statistics of the distributive and service trades <sup>a/</sup>, <sup>b/</sup>

Items of data	Statistics to be gathered in			Statistics to be tabulated according to kind of activity in			Statistics to be tabulated according to size and kind of activity in infrequent inquiries
	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries <sup>c/</sup>	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>I. DISTRIBUTIVE TRADES</b>							
<b>A. Statistical unit</b>							
1. Kind of activity <sup>d/</sup> . . . . .	1	1	1				
2. Type of operation (kind of technical organization) <sup>e/</sup> . . . . .	1	2					
3. Kind of economic organization* . . . . .	1						
4. Kind of legal organization* . . . . .	1						
5. Type of ownership* . . . . .	1						
6. Location* . . . . .	1						
7. Size . . . . .	1						
8. Number of statistical units . . . . .				1			1
<b>B. Employment</b>							
1. Total number of persons engaged in a single period of the inquiry period . . . . .	1	1		1	1		
distinguishing:							
(a) Number of working proprietors . . . . .	1			1			
(b) Number of unpaid family workers' . . . . .	1			1			
(c) Number of employees . . . . .	1	1	1	1	1	1	
distinguishing:							
(i) Full-time employees . . . . .	2			2			
(ii) Part-time employees . . . . .	2			2			
2. Number of employees in several periods of the inquiry period* . . . . .	1	1					
distinguishing:							
(a) Full-time employees* . . . . .	2						
(b) Part-time employees* . . . . .	2						
3. Average number of employees engaged in the inquiry period <sup>f/</sup> . . . . .				1	1		1
distinguishing:							
(a) Full-time employees . . . . .				2			
(b) Part-time employees . . . . .				2			
4. Average number of persons engaged in the inquiry period <sup>g/</sup> . . . . .				1			1
<b>C. Compensation of employees</b>							
1. Wages and salaries paid to employees during the inquiry period . . . . .	1	1	1	1	1	1	2
distinguishing payments to:							
(a) Full-time employees . . . . .	2			2			
(b) Part-time employees . . . . .	2			2			

(Table continued on following page)

Table 1 (continued)

Items of data	Statistics to be gathered in			Statistics to be tabulated according to kind of activity in			Statistics to be tabulated according to size and kind of activity in infrequent inquiries
	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries <sup>c/</sup>	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2. Wages and salaries paid to employees during a single period of the inquiry period* . . . . .	2			2			
distinguishing payments to:							
(a) Full-time employees* . . . . .	2			2			
(b) Part-time employees* . . . . .	2			2			
3. Employers' contributions to social security, pension and similar schemes in respect of their employees							
distinguishing payments to:							
(a) Social security schemes . . . . .	2			2			
(b) Private schemes . . . . .	2			2			
<b>D. Fixed assets</b>							
1. Total cost of fixed assets acquired from others or produced on own account in the inquiry period . . . . .	1	1	2	1	1	2	2
distinguishing:							
(a) Building, improvements to land and other construction work . . . . .	2			2			
(b) Transport equipment . . . . .	2			2			
(c) Machinery and other equipment . . . . .	2			2			
(d) Land . . . . .	2			2			
2. Total value of sales of fixed assets in the inquiry period* . . . . .	1	2	2	1	2	2	
distinguishing:							
(a) Building and other construction work* . . . . .	2			2			
(b) Transport equipment* . . . . .	2			2			
(c) Machinery and other equipment* . . . . .	2			2			
(d) Land* . . . . .	2			2			
3. Gross additions to fixed assets in the inquiry period <sup>b/</sup> . . . . .				1	2	2	1
distinguishing:							
(a) Building, improvements to land and other construction work . . . . .				2			
(b) Transport equipment . . . . .				2			
(c) Machinery and other equipment . . . . .				2			
(d) Land . . . . .				2			

(Table continued on following page)

Table 1 (continued)

Items of data	Statistics to be gathered in			Statistics to be tabulated according to kind of activity in			Statistics to be tabulated according to size and kind of activity in infrequent inquiries
	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries c/	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>E. Sales and receipts</b>							
1. Value of sales of goods and operating receipts during the inquiry period . . . . .	1	1	1	1	1	1	1
of which:							
2. Value of sales of goods distinguishing:							
(a) Wholesale sales . . . . .	1	1		1	1		
(i) Sales by kind of commodity . . . . .	1	2		1	2		
(ii) Sales on own account . . . . .	1	1		1	1		
(iii) Sales on account of others . . . . .	1	1		1	1		
(iv) Commissions received on transactions on account of others . . . . .	1	1		1	1		
(b) Retail sales . . . . .	1	1		1	1		
(i) Sales by kind of commodity . . . . .	1	2		1	2		
(ii) Sales of goods without transformation . . . . .	2			2			
(iii) Sales of goods after some transformation . . . . .	2			2			
<b>F. Purchases</b>							
1. Value of all purchases during the inquiry period of goods intended for sale . . . . .	1	1		1	1		
distinguishing:							
(a) Purchases by kind of commodity (wholesale and retail) . . . . .	2			2			
<b>G. Other costs</b>							
1. Value of total operating costs incurred in the inquiry period . . . . .	1	1		1	1		
distinguishing:							
(a) Cost of goods received (other than goods for sale and fuels) . . . . .	1	2		1	2		
(b) Value of electricity and of fuels purchased (other than fuels purchased for sale) . . . . .	1	2		1	2		
(c) Cost of repair and maintenance work . . . . .	1	2		1	2		
(d) Cost of contract and commission work . . . . .	1	2		1	2		
(e) Other operating costs . . . . .	2			2			

(Table continued on following page)

Table 1 (continued)

Items of data	Statistics to be gathered in			Statistics to be tabulated according to kind of activity in			Statistics to be tabulated according to size and kind of activity in infrequent inquiries
	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries c/	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>H. Stocks</b>							
1. Value of stocks at the beginning and end of the inquiry period <u>1/</u>							
distinguishing:							
(a) Goods for sale . . . . .	1	1	2	1	1	2	
(b) Other inventories (fuel, non-durable containers, packaging, office and other supplies and all other stocks) . . . . .	2	2		2	2		
2. Stock turnover <u>1/</u> . . . . .				1	1		
<b>I. Accounts receivable</b>							
1. Value of the credit outstanding as of the end of the inquiry period . . . . .	2	2		2	2		
<b>J. Gross margin (wholesale and retail) <u>1/</u></b> . . . . .							
				1	1		
<b>K. Value added <u>1/</u></b> . . . . .							
				1	1		
<b>L. Indicators for specific distributive trades</b>							
1. Selling space (for retail trade) . . . . .	2	2		2	2		
2. Number of seats (for restaurants, eating and drinking places) . . . . .	1	2		1	2		
3. Number of rooms (or beds) and occupancy rates (for hotels, motels etc.) . . . . .	1	2		1	2		
<b>II. SERVICE TRADES</b>							
<b>A. Statistical unit</b>							
1. Kind of activity <u>1/</u> . . . . .	1	1	1				
2. Kind of economic organization* . . . . .	2						
3. Type of legal organization and ownership* . . . . .	1						
4. Location* . . . . .	1						
5. Size . . . . .	1						
6. Number of statistical units . . . . .				1			1
<b>B. Employment</b>							
1. Total number of persons engaged in a single period of the inquiry period . . . . .	1	1		1	1		
distinguishing:							
(a) Number of working proprietors . . . . .	1			1			
(b) Number of unpaid family workers . . . . .	1			1			
(c) Number of employees . . . . .	1	1	2	1	1	2	
distinguishing:							
(i) Full-time employees . . . . .	2			2			
(ii) Part-time employees . . . . .	2			2			

(Table continued on following page)

Table 1 (continued)

Items of data	Statistics to be gathered in			Statistics to be tabulated according to kind of activity in			Statistics to be tabulated according to size and kind of activity in infrequent inquiries
	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries g/	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2. Number of employees in several periods of the inquiry period* . . . . .	1	1					
distinguishing:							
(a) Full-time employees* . . . . .	2						
(b) Part-time employees* . . . . .	2						
3. Average number of employees engaged in the inquiry period g/				1	1		1
distinguishing:							
(a) Full-time employees . . . . .				2			
(b) Part-time employees . . . . .				2			
4. Average number of persons engaged in the inquiry period g/ . . . . .				1			1
<b>C. Compensation of employees</b>							
1. Wages and salaries paid to employees during the inquiry period . . . . .	1	1	2	1	1	2	2
distinguishing payments to:							
(a) Full-time employees . . . . .	2			2			
(b) Part-time employees . . . . .	2			2			
2. Employers' contributions to social security, pension and similar schemes in respect of their employees							
distinguishing payments to:							
(a) Social security schemes . . . . .	2			2			
(b) Private schemes . . . . .	2			2			
<b>D. Fixed assets h/</b>							
1. Total cost of fixed assets acquired from others or produced on own account in the inquiry period . . . . .	1	2		1	2		
distinguishing:							
(a) Building, improvements to land and other construction work . . . . .	2			2			
(b) Transport equipment . . . . .	2			2			
(c) Machinery and other equipment . . . . .	2			2			
(d) Land . . . . .	2			2			
2. Total value of sales of fixed assets in the inquiry period* . . . . .	1	2		1	2		
distinguishing:							
(a) Building and other construction work* . . . . .	2			2			
(b) Transport equipment* . . . . .	2			2			
(c) Machinery and other equipment* . . . . .	2			2			
(d) Land* . . . . .	2			2			

(Table continued on following page)

Table 1 (continued)

Items of data	Statistics to be gathered in			Statistics to be tabulated according to			Statistics to be tabulated according to size and kind of activity in infrequent inquiries
	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries <sup>c/</sup>	Infrequent inquiries	Annual inquiries	More-frequent-than-annual inquiries	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3. Gross additions to fixed assets in the inquiry period <sup>b/</sup> . . . . .				1	2		1
distinguishing:							
(a) Building, improvements to land and other construction work . . . . .				2			
(b) Transport equipment . . . . .				2			
(c) Machinery and other equipment . . . . .				2			
(d) Land . . . . .				2			
<b>E. Receipts</b>							
1. Value of all receipts during the inquiry period . . . . .	1	1	1	1	1	1	1
distinguishing:							
(a) Receipts from sales of goods and receipts from rendering services . . . . .	1	2		1	2		
<b>F. Purchases and other costs</b>							
1. Value of total purchases and operating costs incurred in the inquiry period . . . . .	1			1			
distinguishing:							
(a) Cost of all goods received (other than electricity and fuels) . . . . .	2			2			
(b) Value of electricity and of fuels purchased . . . . .	2			2			
(c) Cost of repair and maintenance work . . . . .	2			2			
<b>G. Value added <sup>d/</sup> . . . . .</b>				2			
<b>H. Indicators for specific service trades</b>							
1. Number of seats (for cinemas, theatrical productions and entertainment) . . . . .	1	2		1	2		
2. Number of admissions (for cinemas, theatrical productions and entertainment) . . . . .	1	2	2	1	2	2	
3. Number and/or metres of film produced and projection time (for motion picture production) . . . . .	1	2		1	2		

For foot-notes, see end of table 2.

Table 2. Data to be gathered and published by countries beginning to develop, or in the process of developing, their statistics of the distributive and service trades a/, b/

Items of data	Statistics to be gathered in		Statistics to be tabulated according to kind of activity in		Statistics to be tabulated according to size and kind of activity in infrequent inquiries
	Infrequent inquiries	Annual inquiries	Infrequent inquiries	Annual inquiries	
(1)	(2)	(3)	(4)	(5)	(6)
<b>A. Statistical unit</b>					
1. Kind of activity <u>d/</u> . . . . .	1	1			
2. Kind of legal organization and ownership* . . . . .	1				
3. Location* . . . . .	1				
4. Size . . . . .	1				
5. Number of statistical units . . . . .			1		1
<b>B. Employment</b>					
1. Total number of persons engaged in a single period of the inquiry period . . . . .	1	1	1	1	
distinguishing:					
(a) Number of working proprietors . . . . .	1		1		
(b) Number of unpaid family workers . . . . .	1		1		
(c) Number of employees . . . . .	1	1	1	1	
2. Number of employees engaged in several periods of the inquiry period* . . . . .	1	1			
3. Average number of employees engaged in the inquiry period <u>f/</u> . . . . .			1	1	
4. Average number of persons engaged in the inquiry period <u>g/</u> . . . . .			1		1
<b>C. Compensation of employees</b>					
1. Wages and salaries paid to employees during the inquiry period . . . . .	1	1	1	1	
<b>D. Sales and receipts</b>					
1. Value of all sales and receipts during the inquiry period . . . . .	1	1	1	1	1
of which:					
(a) Sales of goods on own account . . . . .	1	2	1	2	
(b) Commissions received on transactions on account of others . . . . .	1	2	1	2	
<b>E. Purchases and other costs</b>					
1. Cost of goods purchased intended for sale . . . . .	1	2	1	2	
<b>F. Gross margin (wholesale and retail) <u>p/</u></b>					
			1	2	
<b>G. Indicators for specific service trades</b>					
1. Number of seats (for restaurants, eating and drinking places, cinemas, theatrical productions and entertainment) . . . . .	1	2	1	2	
2. Number of rooms (or beds) and occupancy rates (for hotels, motels etc.) . . . . .	1	2	1	2	
3. Number of admissions (for cinemas, theatrical productions and entertainment) . . . . .	1	2	1	2	

(Foot-notes to tables 1 and 2 on following page)



(Foot-notes to tables 1 and 2)

a/ The recommended scope for the inquiries is wholesale and retail trade, restaurants and hotels (ISIC major division 6) and selected services (parts of ISIC divisions 83, 94 and 95). The recommended statistical unit is the establishment or establishment-type unit. See paras. 27 and 43-53.

b/ For international purposes, all items of data gathered, except those marked with an asterisk, should be published.

c/ One of the important uses of the items of data in the more-frequent-than-annual inquiries, is the calculation of indexes of sales and employment.

d/ See paras. 27 and 63 for the recommended detail.

e/ See paras. 68 and 71 for the detailed classification.

f/ Calculated from the number of employees in several periods of the inquiry period. This item may, alternatively, be enumerated directly in infrequent and annual inquiries.

g/ Defined as the sum of the average number of employees, plus the number of working proprietors and unpaid family workers in a single period.

h/ The cost of fixed assets acquired less the value of sales of fixed assets.

i/ Value of stocks at the end of the inquiry period will be sufficient for annual and more-frequent-than-annual inquiries.

j/ The ratio between the total value of sales and the value of stocks at either the beginning or end of the period (or the mean of the value of stocks at the beginning and end of the period).

k/ Items (E.2.a.ii), (E.2.a.iv) and (E.2.b) less item (F.1) plus item (H.1.a) at the end of period less item (H.1.a) at the beginning of period. For the definition, see para. 153.

l/ Item (E.1) less item (E.2.a.iii), less item (F.1), less the following items: (G.1.a), (G.1.b), (G.1.c) and (G.1.d) plus items (H.1.a) and (H.1.b) at the end of period less items (H.1.a) and (H.1.b) at the beginning of period. For the definition, see para. 155.

m/ See para. 27 for the recommended detail.

n/ Data on fixed assets are recommended for collection only from selected service trades where capital expenditure is likely to be significant, such as: real estate (except agents and brokers), data processing and tabulating services, machinery and equipment rental and leasing, motion picture production, distribution and projection, radio and television broadcasting, theatrical producers, entertainment and possibly, amusement and recreational services.

/...

(Foot-notes to tables 1 and 2) (continued)

o/ Item (E.1) less item (F.1). Adjustment for changes in stocks is excluded assuming that, in the service trades, the amounts involved tend to be small. For the definition, see para. 155.

p/ Item (D.1.a) plus item (D.1.b) less item (E.1). This is an approximation to the concept defined in paragraph 153 since adjustments for changes in stocks are not considered.

99. No attempt has been made in table 2 to recommend separately those items of data to be gathered and published for the distributive trades and those for the Service trades. The restrictions put on the number of items and their priority make this refinement unnecessary.

100. As in the case of table 1 (see para. 96), certain characteristics of the establishment, additional to those mentioned in the headings of (6), are available for classification of the data. These are kind of legal organization, type of ownership and location.

### C. Inquiry descriptions to be published

101. To enable the users of the published statistics to evaluate their comparability - both with the statistics from other inquiries in the same country and with the statistics of other countries - and to assess their reliability, the following information should be published:

(a) A description of the scope of the inquiry, that is, which activities were included in the field of inquiry and a definition of the statistical unit in terms of the field of inquiry and the items of data gathered;

(b) A description of the coverage of the inquiry, that is, whether units of all kinds (size, type of ownership, kind of legal organization and so on) were included;

(c) A description of the methods of covering the field of inquiry, that is, whether by direct collection (mail or field enumeration), administrative reports or sampling (including a description of the sample design used and estimates of probable sampling errors). This description might also include an evaluation of the completeness of coverage attained;

(d) The operational definitions of the items of data gathered, perhaps in the form of copies of the questionnaires and of the basic instructions, including a description of the valuation methods used for the various items. The definitions of derived items that have been compiled from the items of data gathered should also be given;

(e) The extent and treatment of any non-response including:

(i) The number and the importance of known units failing to respond to the questionnaire together with, if possible, some of the key characteristics of these non-respondents, that is, their kind of activity and, particularly, size. Also, whether estimates for these non-respondents have been included in the published data;

(ii) The extent of the non-response to particular questions for which no estimates have been or could be made;

(f) A description of the kind-of-activity and other classifications used;

/...

(g) If feasible, particularly for those trade categories which contain many units with mixed wholesale and retail activities, a measure of the extent to which the data shown for each published kind-of-activity group relate to activities that, had they been separately reported, would have been classified to other groups of the classification. One such measure is the homogeneity ratio. This is the ratio of the value of sales and receipts, by the units classified to the group indicated, of goods and services that are properly classifiable to that group to the total value of sales and receipts of the same units.

## IV. DEFINITIONS OF ITEMS OF DATA

A. Employment1. Total number of persons engaged in a single period of the inquiry period

102. The number of persons engaged in the establishment is defined as the total number of persons who work in or for the establishment, including working proprietors and unpaid business partners and unpaid family workers. Persons working on a commission basis should be included if they also receive a regular salary (see paragraph 84). However, directors of incorporated enterprises who are paid solely for their attendance at board of directors' meetings are excluded. The enumeration should relate to the number of persons engaged during a specified period of time, such as a pay period or calendar week, rather than a specified day. The total should include persons on short-term leave such as sick leave, annual leave or vacation and also persons on strike; it should exclude persons on indefinite leave, military leave or on pension. Each status group is defined in the following paragraphs.

2. Number of working proprietors

103. This definition should include all individual proprietors and partners who are actively engaged in the work of the establishment. It should exclude silent or inactive partners and also members of a proprietor's family unless they participate actively in the work of the establishment. This category is not applicable to any incorporated or similar enterprise the ownership of which is represented by equity shares.

3. Number of unpaid family workers

104. All persons living in the household of any of the proprietors of the owning enterprise and working in the establishment without regular pay (that is, without an agreed amount to be paid for work done) for at least one third of the working time normal to the establishment. This category is not applicable to any incorporated or similar enterprise the ownership of which is represented by equity shares.

105. It should be noted that in practice there is some question as to whether the above definition is too rigid and countries might need to develop certain rules to make it practicable. In particular, the fact that work without pay may be done by non-household members should be taken into account.

106. In addition, in some countries it may not be possible to distinguish between "unpaid family workers" and "working proprietors" and they may have to be combined into one group.

4. Number of employees

107. All persons who work in the establishment and receive regular pay and persons working away from the establishment when paid by and under the control of the establishment. Also included are salaried managers and directors of incorporated enterprises except when paid solely for their attendance at board of directors' meetings.

108. Employees should be considered as all paid persons engaged in the selling of goods or provision of services and related activities of the establishment. Included are managerial, administrative, technical, supervisory, sales, clerical and service personnel. Employees of a similar type engaged in activities ancillary to the main activity of the establishment and persons engaged in truck driving, repair and maintenance and so on should also be included. The category "employees" is intended to include all persons engaged other than working proprietors and unpaid family workers.

109. It is recommended in infrequent and annual inquiries, even with a second priority, that an attempt should be made to distinguish between full-time and part-time employees. The distinction might be drawn at some fraction of working time for a specified period that is normal to the kind of business and country involved. For international use, it is not feasible to suggest a standard distinction for this purpose and countries should adopt a limit that is in line with national circumstances.

110. In infrequent inquiries, the figures shown for the number of employees in a single period of the inquiry period would also distinguish between male and female as well as between adults and juveniles, based on the laws and customs of each country. These distinctions, however, are not recommended for international purposes.

5. Number of employees in several periods of the inquiry period

111. Number of employees as defined above. In general, a time period (calendar week or payroll period) centred in each quarter is suggested. One of the periods would normally be the same as that used for the collection of data on the number engaged which involved the identification of several status groups (see paragraph 102).

6. Average number of employees in the inquiry period

112. The average number of employees (and the corresponding averages for full-time and part-time employees) is the arithmetic average of the number of employees in several specified periods of the inquiry period, as defined in paragraph 111.

7. Average number of persons engaged in the inquiry period

113. This serves as the size criterion for the unit. It is defined as the average number of employees (calculated as indicated in paragraph 112), plus the number

of working proprietors and number of unpaid family workers engaged in a single period of the inquiry period. If the average number of employees is not available, then the "total number of persons engaged in a single period of the inquiry period" should serve as the size criterion.

## B. Compensation of employees

### 1. Wages and salaries paid to employees in the inquiry period

114. This includes all payments, whether in cash or in kind, made by the employer during the inquiry period in connexion with work done, to all persons included in the count of employees. It includes all cash payments, commissions, <sup>14/</sup>bonuses, cost-of-living allowances and wages paid during periods of vacation and sick leave; taxes and social insurance contributions and the like, payable by the employee but deducted by the employer; and payments in kind. Lay-off payments and compensation for unemployment are included except where such payments are made from trust or other special funds set up expressly for this purpose, that is, payments which are not made by the employer. Social insurance and pension contributions and the like payable by the employer are excluded from wages and salaries but treated as a separate part of compensation of employees.

115. Payments in kind are defined as the net cost to the employer of those goods and services furnished to employees free of charge or at markedly reduced cost which are clearly and primarily of benefit to the employees as consumers. The item includes food, beverages, tobacco, clothing (except uniforms for civilians, as these are not usually worn off-duty) and lodging provided free of charge or at markedly reduced cost. However, expenditures by employers which are of benefit to them as well as their employees (for example, on the amenities of the place of work, medical examinations, sports and other recreational facilities, travelling, entertainment and similar outlays by employers in connexion with the business) are not part of compensation of employees.

116. To provide a more precise measure of wage and salary levels than that furnished by the wages and salaries paid during the inquiry period, it is recommended in infrequent inquiries to collect data on wages and salaries paid to full- and part-time employees during one single period of the inquiry period for which data on number of employees were gathered.

### 2. Employers' contributions to social security etc.

117. Employers' contributions to social security, pension and similar schemes in respect of their employees. This item covers payments made by the employer on behalf of his employees, which are normally considered in national accounting practice to form part of the employees' compensation but not of wages and salaries. Examples are employers' contributions to social security schemes and employers' contributions to private pension, family allowance, health and other casualty insurance, life insurance and similar schemes. The sum of this item and of item 1 (that is, wages and salaries paid) represents the total compensation of employees

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<sup>14/</sup> The situation with respect to payments on commission to persons other than employees is dealt with in paragraph 84.

as defined for national accounts purposes. Excluded are payments not made directly by the employer, travelling and other expenditure incurred for business purposes and reimbursed by the employer.

### C. Fixed assets

#### 1. Scope of the data

118. The data relating to expenditure on fixed assets should include the value of all physical assets expected to have a productive life of more than one year and intended for use by the establishment (buildings, machinery, equipment, vehicles and land). Included are major additions, alterations and improvements to existing fixed assets that extend their normal economic life or raise their productivity. Also included is the value of new fixed assets and additions and improvements to existing fixed assets made by the establishment's own labour for its own use. While capital repair is included, expenditures for current repair and maintenance are excluded. The acquisition of titles to wealth is excluded.

#### 2. Valuation

119. Fixed assets acquired from others should be valued at the full cost incurred, that is, at the delivered price plus the cost of installation, including any necessary fees and taxes, but excluding financing costs. Fixed assets produced by the establishment for its own use should be valued at the cost of all work put in place, and any overhead costs allocable to this work should also be included. Fixed assets produced by one establishment of a multi-establishment enterprise for the use of another establishment of the same enterprise should be valued by the receiving establishment as though purchased from outside the enterprise. Used fixed assets sold during the inquiry period should be valued at the actual amount realized.

#### 3. Time at which expenditure on fixed assets takes place

120. Transactions in respect of fixed assets should generally be recorded when ownership passes. In the case of expenditure by an establishment on fixed assets this should normally be considered to coincide with the time at which the assets are completed and delivered to the control of the establishment. As an exception to this rule, the value of work put in place on the construction of buildings, structures, roads and other projects during the inquiry period should be recorded as expenditure on fixed assets of the establishment for which the construction is carried out, whether or not the project is completed within the inquiry period. Progress payments made against construction work on order should, therefore, be recorded as expenditure on fixed assets at the time such payments are made; in other words, the expenditure to be reported in the case of construction work should relate to the total value of the work completed during the inquiry period less the amount of any progress payments made against this work prior to the inquiry period, plus all progress payments made during the inquiry period against work not yet finished by the end of the inquiry period.



121. The definition outlined above treats progress payments for construction work and for other fixed assets differently. For construction work, progress payments should be included in expenditure on fixed assets; for other fixed assets, progress payments should be excluded from expenditure on fixed assets and recorded as a financial claim. In some countries, this treatment may not be feasible and all progress payments may have to be recorded as expenditure on fixed assets.

#### 4. Distinction between different types of fixed assets

122. The transactions of the establishment in fixed assets are divided into the following categories:

(a) Building, improvements to land and other construction work

Residential buildings and other buildings, such as warehouses, office buildings, stores, shops, hotels and restaurants; new construction, such as roads, streets, car-parking facilities and the like, as well as major alterations and improvements. The value of land before improvement is excluded while land improvements made in the inquiry period are included.

(b) Transport equipment

Motor vehicles, aircraft, ships, railway and tramway rolling stock, tractors for road haulage, carts and wagons and major alterations and improvements of existing transport equipment.

(c) Machinery and other equipment

Power-generating machinery; store and office machinery, equipment and furniture; furnishings such as counters, shelves and storage bins; cold-storage equipment; cranes, fork-lift equipment and the like; durable containers; and any other machinery and equipment and major renovations and alterations to these types of machinery and equipment.

(d) Land.

123. Because of the difficulties involved in gathering detailed data on fixed assets from establishments, no distinction between new and used fixed assets has been recommended. However, for the economy as a whole, total annual expenditures on fixed assets adjusted by sales of fixed assets should approximate expenditures on new fixed assets.

#### 5. Gross additions to fixed assets

124. This item is defined as the total cost of fixed assets acquired in the inquiry period less the value of sales of fixed assets in that period.

D. Sales and receipts

1. Value of sales of goods and receipts from services

125. This item includes the sales value of all goods for which ownership or effective right to use with a view to ultimate purchase has been transferred to others; and the value of all services rendered during the inquiry period, irrespective of time or method of payment. Hire-purchase or instalment contracts should be included in sales when they are made. Included are goods which are sold by an establishment on its own account and on that of others or withdrawn by the owners of an establishment for their own use. Excluded are goods shipped for sale on consignment for display or similar purposes, or to other establishments of the same enterprise. Included in the receipts from services are commissions and fees received by the establishment for the sales and purchases made by it on the account of others. (Establishments that transfer the control of goods to other establishments of the same enterprise should deduct the purchase value of these transfers from the value of purchases.)

126. The sales value of goods and services is the total sum to be paid. Included are sales price, sales, excise and other indirect taxes and duties collected, and financing, delivery and installation charges if these services are rendered by the establishment. It is desirable to report indirect taxes and duties collected separately and, in addition, to obtain separate figures on subsidies received in connexion with sales. It may also be desirable to report financing charges separately from the other parts of sales value. Sales price is net of discounts, rebates and similar allowances granted, but it includes the value of goods traded in or bartered as part of the sale. Goods withdrawn by the owners of the establishments and services rendered to them should be valued at the appropriate market price (in other words, as if sold to a customer), and it may be advantageous to collect the value of these sales separately from the value of other sales. In practice, it may be necessary to value owners' withdrawals at cost to the establishment.

2. Classification of sales

127. Establishments included in the distributive-trade-and-service sector are usually involved in handling a very wide range of classes of goods and services. This is particularly true for the sales of goods, whereas the various services can usually be characterized in a summary description of the unit. To enhance the usefulness of the data, it would normally be necessary to collect fairly detailed classifications of sales of goods from each unit. Because of the large number of classifications which would be useful for one purpose or another, countries should decide which are the most appropriate to meet their own special requirements.

128. For purposes of these recommendations four classifications of sales are suggested. Two for units classified under wholesale and retail trade: (a) wholesale sales and retail sales, (b) by kind of commodity; one for wholesale units only: (c) on own account and on account of others; and one supplementary classification, which is given second priority, for retail units only: (d) of goods without transformation and goods after some transformation.

129. Each classification makes considerable demands on respondents and requires detailed records to be available. Consequently, the sales for which the detailed classifications are requested should be restricted to those for which the establishment is likely to have records. In addition, it will not usually be possible to cross-classify by all of the categories suggested and, therefore, each classification should be taken individually and applied to the total value of sales. In the following paragraphs, the recommended classifications are described.

3. Wholesale sales and retail sales

130. The classification of sales between wholesale and retail should, at least, distinguish the two broad categories: (a) sales to wholesalers, to retailers, to industrial, commercial, institutional or professional users, that is, wholesale; and (b) to the general public for personal or household consumption or utilization, that is, retail.

4. Sales by kind of commodity

131. The value of sales should be classified by kind of commodity or, at least, according to commodity groups, for sales that are negotiated in detail by the establishment itself (that is, invoiced by it), whether on its own account or on that of others.

132. National statistical authorities need to draw up special lists for the reporting of sales by kind of commodity. It will undoubtedly be easier to prepare lists for retail trade than for wholesale trade and, certainly, retail sales classified by type of commodities are more useful in describing the flow of goods to households. At both the national and international levels, any list of retail commodities should be linked to the classification of household goods and services for national accounting purposes. <sup>15/</sup>

133. In countries where a substantial proportion of retail sales are made with invoices, there is a possibility for easing the provision of these data, both by the use of sampling to limit the number of units asked to provide these data and, within each unit, by taking a sample of the invoices of a particular unit to produce a commodity breakdown of its sales.

5. Sales on own account and on account of others

134. Sales of goods on own account are all sales of goods that are owned by an establishment which is part of a single-unit enterprise or that are controlled by an establishment which is part of a multi-unit enterprise that owns the goods, to another. Sales of goods on the account of others are all other sales of goods. The distinction between sales on own account and on account of others is recommended for wholesale-trade units only.

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<sup>15/</sup> Guidance on the development of such a classification will be found in the studies prepared by the Statistical Office of the United Nations in the course of developing a generalized commodity classification. See "Draft International Standard Classification of all Goods and Services (ICGS)" (E/CN.3/457).

6. Sales of goods without transformation and goods after some transformation

135. The distinction between goods sold with and without processing is included as a second-priority item and recommended for infrequent inquiries only, for units classified into retail trade.

E. Purchases

1. Value of purchases of goods intended for sale

136. This item includes delivered value of goods intended for sale the ownership of which has been acquired by the establishment if part of a single-unit enterprise or the control of which has been acquired by the establishment if part of a multi-unit enterprise which owns the goods. Included are goods for which effective right to use with a view to ultimate purchase has been transferred to the establishment. Purchases of goods should be recorded at the time of transfer of ownership, effective right to use, or control, irrespective of the time of payment. In practice, the time when purchases are reported would depend on the time at which they are recorded by the establishment. This might be (a) at the time of contract, (b) at the time of transfer of title, effective right to use, or control through shipping bills or similar documents, or (c) at the time of receipt.

137. Purchases of goods should be valued at delivered cost to the establishment, including (in addition to purchase price) sales, excise and other indirect taxes and duties, and delivery and similar charges involved in the purchases and net of returns, discounts, rebates, and other allowances received. The purchase price by the establishment should also include the value of goods traded in or bartered in payment for the purchase. Transfers from other establishments of the same enterprise should be valued as though purchased. When this is not possible in practice, transfers might be valued at cost to the enterprise on delivery to the establishment, that is, original purchase price, delivery and similar charges, labour and material directly used and possibly overhead.

2. Purchases by kind of commodity

138. As an alternative to the classification of sales according to individual commodities, a commodity breakdown of purchases is given second priority in infrequent inquiries. In spite of the different mark-ups and rates of turnover, data on purchases by commodity may be easier to collect, particularly for retail establishments, for there are fewer purchases than sales invoices and the data might be obtained from accounting records rather than individual invoices.

F. Other costs1. Value of total operating costs

139. The value of total operating costs both for commodities consumed and for services used incurred in the inquiry period is defined as the sum of: (a) cost of goods received (other than goods for sale and fuels), (b) value of electricity and of fuels purchased (other than fuels for sale), (c) cost of repair and maintenance work, (d) cost of contract and commission work, and (e) other operating costs. Each of these items is defined in the following paragraphs.

2. Cost of goods received

140. All goods (other than goods for sale and fuels) delivered to the control of, and owned by, the establishment (or by the enterprise to which the establishment belongs). Included here are lubricants, water, wrapping and packing materials, small tools, parts, materials for repair and maintenance, stationery and office supplies and so on. The valuation of goods received should be at the delivered value at the establishment.

3. Value of electricity and of fuels purchased

141. Total cost of all electricity purchased for lighting, air-conditioning, refrigeration and other uses by the establishment during the inquiry period and of fuels purchased (other than fuels purchased for sale) received by the establishment, including gasoline and other fuels for vehicles.

4. Cost of repair and maintenance work

142. The total cost to the establishment of repair and maintenance services on buildings and other fixed assets of the establishment provided by others during the inquiry period. Included is the cost of repair and maintenance services carried out by an ancillary repair and maintenance unit, which has been treated as a separate establishment. Here current repairs and maintenance should be included and capital repairs excluded.

5. Cost of contract and commission work

143. The cost of contract work done by others in the inquiry period on materials of the establishment and the amount of commissions paid for sales of goods to persons who do not receive a regular salary and work exclusively or mainly on a commission basis.

6. Other operating costs

144. This item includes payments for accounting, advertising, communication, transportation, warehousing, insurance, licences, legal and other services to the

unit and payments of gross rent (excluding payments for the use of land). This item is defined to include the cost of all other services rendered by others which are reflected in the ex-establishment value of its sales in the inquiry period. In some cases, it may be possible to gather data on selected expenses only. This item has been given second priority and recommended for infrequent inquiries only.

## G. Stocks

### 1. Value of all stocks

145. The value of stocks of goods intended for sale and of materials, fuels and supplies for use by the unit. The value indicated should be that at the beginning and end of the inquiry period for goods intended for sale, irrespective of where held, and of materials for use by the unit, that are owned (that is, to which title is possessed) by the establishment if it is part of a single-unit enterprise or that are controlled by the establishment and owned by its parent enterprise if it is part of a multi-unit enterprise. Goods for which the establishment has transferred the effective right to use to others with a view to ultimate purchase by them are excluded; goods for which effective right to use has been transferred to the establishment with a view to ultimate purchase by it are included. In practice, it may be necessary to exclude certain kinds of goods owned by the establishment but not held by it, for example, goods bought by overseas agents and not received by the establishment. Goods intended for sale, whether later processed or not, include goods ready for sale and materials that are transformed by the establishment before sale in the form of either goods or services, for example, tea that is blended, green coffee beans that are roasted and blended or foods used by restaurants to serve meals.

146. In principle, stocks should be valued at current replacement cost, based on market prices at the reference dates. These prices should include any duties and taxes payable by the purchaser and should be net of any rebates and discounts given by the seller. Alternatively, the book values might be requested.

147. In certain inquiries, data on the stocks of individually important goods might be collected. This information would be useful for such purposes as input-output tables, commodity balances and stock computations. However, no specific recommendation is made in view of the fact that the gathering of such information would place a considerable burden on respondents.

148. It is recommended that value of stocks should distinguish between (a) stocks of goods intended for sale and (b) other inventories, including fuels, non-durable containers, packaging, office and other supplies and all other stocks.

### 2. Stock turnover

149. In its simplest terms, the stock turnover is the relationship between sales or purchases and the level of stocks. This item attempts to indicate the number of times the unit needs to restock in the inquiry period. Stock turnover can be

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derived in a number of ways, depending on whether the ratio is calculated between the total value of sales, the cost of sales or the total value of purchases of goods for sale during the inquiry period and the value of stocks at the beginning of the period, at the end of the period or the mean value of stocks at the beginning and end of the period.

150. Inasmuch as rates of turnover may vary for different kinds of goods, this item would be more relevant if applied to selected important commodities rather than to a wide range of goods.

#### H. Accounts receivable

151. This item is defined as the value of the credit outstanding as of the end of the inquiry year that was advanced in selling goods on own account and in rendering services. Payments outstanding on goods for which the right to use has been transferred under a hire-purchase or other instalment credit arrangement would also be classified as accounts receivable.

152. In view of the practical difficulties and the limitations of the data, in particular in the case of retail-trade units, this item is given second priority only.

#### I. Gross margin

153. Gross margin is the difference between the value of the goods sold on own account (including the commissions received on sales on account of others) during the inquiry period and the gross cost of these goods. The gross cost of goods is the value of purchases of goods intended for sale, adjusted for stock change of these goods during the inquiry period. This item is recommended for wholesale and retail trade only.

154. Whether the gross margin is valued in producers' values or in approximate basic values depends on the treatment of indirect (commodity) taxes and subsidies, proportional to the quantity or value of the commodities sold. For a valuation in producers' values, indirect taxes should be included in the value of the establishment's sales and the value of subsidies received should be excluded; for a valuation in approximate basic values, indirect taxes should be excluded and subsidies received included.

#### J. Value added

155. The value added during the inquiry year is equal to the value of sales of goods on own account plus operating receipts, less the following items: "value of all purchases of goods intended for sale"; "cost of goods (other than for sale) received"; "value of electricity and of fuels purchased"; "cost of repair and maintenance work"; and "cost of contract and commission work" - this result being corrected for changes in stocks of goods for sale and other inventories by adding the value of these stocks at the end of the inquiry period and subtracting their value at the beginning of the inquiry period.

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156. If gross margin has been calculated, the value added figure will be estimated as the value of gross margin less "cost of goods (other than for sale) received", "value of electricity and of fuels purchased", "cost of repair and maintenance work", and "cost of contract and commission work", corrected for changes in stocks of goods not for sale.

157. As in the case of gross margin, the value added can be calculated in either producers' values or approximate basic values. The producers'-values basis is recommended for all tabulations.

158. It should be noted that the value added as defined in paragraph 155 (which might be termed "census value added") is not the same thing as value added (contribution of the distributive-and-service-trades sector to the gross domestic product), defined in the national accounts. In order to derive a closer approximation to the gross domestic product from census value added, it would be necessary to deduct the "other operating costs" (such as accounting, advertising, communication etc.) and to add the value of the receipts for these services, if any. Since data on these items are seldom available in the establishment's records, particularly in the case of establishments belonging to multi-unit enterprises, they would be more appropriately gathered in infrequent inquiries using the enterprise as the statistical unit.

#### K. Indicators for specific trades

159. As a complement to data on the items described above, data on a number of indicators expressed in physical units of measurement for selected specific trades are useful for both national and international purposes. It should be noted that these data are not normally found in the accounts of the establishments.

160. For international comparability, five indicators have been included as first-priority items in infrequent inquiries. These and the activity of the units for which they are recommended are:

(a) Selling space (for retail trade);

(b) Number of seats (for restaurants, eating and drinking places, cinemas, theatres and entertainment);

(c) Number of rooms (or beds) and occupancy rates (for hotels, motels etc.). The occupancy rate might be defined as the relationship between the available rooms (or beds) multiplied by the number of nights the unit operated during the inquiry period divided by the total number of rooms (or beds) occupied on each of the nights of the inquiry period;

(d) Number of admissions (for cinemas, theatres and entertainment); and

(e) Number and/or metres of film produced and projection time (for motion picture production).