

# Annual Business Survey: Glossary of Terms

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## Introduction

The Annual Business Survey (ABS) is the key resource for understanding the detailed structure and performance of businesses across the UK. It is an annual survey of businesses covering the production, construction, service and distribution industries and parts of the agriculture industries which represent the UK Non-Financial Business Economy. This is about two thirds of the UK's whole economy in terms of Gross Value Added. Estimates published include turnover, purchases, approximate Gross Value Added at basic prices (aGVA) and employment costs for industry sectors and the UK Non-Financial Business Economy.

This glossary contains descriptions of terms used within the ABS Release. It is being published to aid users with the terminology used.

## Your Views Matter

Please let us know if you feel any terms need to be added to the glossary.

We constantly aim to improve this glossary. We would welcome any feedback you might have, and would be particularly interested in knowing how you make use of the ABS data to inform your work.

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## GLOSSARY

### A.

#### **ABS/Prodcom Government User Group**

The primary role of the ABS/Prodcom Government User Group is to liaise with its government users in order that ABS and Prodcom can, where possible, meet their requirements. The user group reports to the ABS/Prodcom Management Board.

The role of the ABS/Prodcom Government User Group is to:

- Keep government users fully aware of the progress of ABS and Prodcom;
- Give government users the opportunity to list their requirements and voice any concerns and communicate their views to the ABS/Prodcom Management Board;
- Provide feedback in terms of any issues concerning the quality of the ABS/Prodcom data with a view to informing the development and implementation of the survey;
- Communicate and feedback to government users the introduction of proposed changes to ABS and Prodcom such as coverage and methodology.

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#### **ABS/Prodcom Management Board**

The primary role of the ABS/Prodcom Management Board is to communicate to its members any high-level developments affecting the Annual Business Survey (ABS)/Prodcom and associated areas and to make strategic decisions on ABS and Prodcom matters.

The role of the Management Board is to:

- Decide on strategic issues or planned major changes before they are communicated more widely, to the ABS/Prodcom Government User Group for example;
- Be the main forum for communication of ABS/Prodcom high-level issues, whether concerning ABS/Prodcom directly or in Board member areas and affecting ABS/Prodcom. The main focus is on the ABS/Prodcom inter-relationship with National Accounts (NA), Eurostat, Business Data Division (BDD), Information Management (IM) and Survey Methodology (SM);
- Exchange information between Board members, particularly with a view to alerting each other to future developments which might have an impact on their specific area.

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#### **ABS Micro-data User Group**

ABS micro-data is used extensively by researchers in a wide variety of institutes. The primary role of the ABS Micro-data User Group is to liaise with its micro-data users in order that the ABS can, where possible, meet their requirements. The user group will report to the ABS Management Board.

The role of the ABS Micro-data User Group is to:

- Give micro-data users the opportunity to provide information on how ABS micro-data is being used and the decisions it is informing;
- Give micro-data users the opportunity to list their requirements and voice any concerns or difficulties using the datasets with a view to informing developments;
- Update micro-data users on progress of the ABS and feedback on decisions taken by ABS Management Board;
- Communicate and feedback to micro-data users on the introduction of proposed changes to the ABS, such as coverage and methodology, and seek user feedback.

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## Acquisitions

This is a measure of Capital Expenditure, that is money spent to acquire, improve, repair or upgrade fixed assets. Fixed assets are things such as property, land, machinery and equipment that are expected to be kept for some time, (specifically they are not used up in the production process during the reference year), and that cannot readily be sold or converted into cash. The ABS measure of acquisitions includes many things such as new construction, computer software and replacing things destroyed in circumstances which give rise to an insurance claim, such as fire or flood.

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## Approximate gross value added at basic prices

Approximate Gross Value Added at basic prices (aGVA) is the amount individual businesses, industries or sectors contribute to the economy.

This is the difference between the value of goods and services produced by a company (called the output) and the cost of raw materials and other inputs which are used up in production of those goods and services (called the intermediate consumption).

Basic prices means that the valuation of output includes net taxes (taxes minus subsidies) on the production process (such as business rates), but not net taxes on individual products that result from that process (such as Value Added Tax (VAT)). Note that intermediate consumption is always valued in purchaser's prices – the amount paid by the purchaser for a good or service, minus reclaimable VAT and any other taxes deductible by the purchaser.

The ABS measure of aGVA can be used as an approximation to the National Accounts measure of Gross Value Added (GVA), or in its own right as a measure of business performance. ABS data are used in the estimation of GVA, but National Accounts carry out coverage, conceptual and coherence adjustments. GVA uses input from a number of sources other than the ABS and covers the whole of the UK economy, whereas the ABS covers just the UK Non-Financial Business Economy, a subset of the whole economy.

More information can be found in the paper '[A comparison between ABS and National Accounts Measures of Value Added](#)'.

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### Approximate gross value added at factor cost

Gross Value Added (GVA) at factor cost is equal to GVA at basic prices less net taxes on production. Approximate Gross Value Added at factor cost is an approximation to GVA at factor cost using data from the ABS, and is calculated as Approximate Gross Value Added at basic prices (aGVA) less amounts payable in non-domestic business rates and vehicle excise duty.

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### Approximate total output at basic prices

Approximate total output at basic prices is calculated as:

- total turnover;
- VAT paid included in total turnover;
- the value of goods and services bought for resale without further processing;
- + changes in total stocks and work in progress less changes in stocks of materials, storage and fuels;
- + work of a capital nature carried out by own staff for own use (excluding in-house developed computer software);
- total net taxes (or just total taxes for service industries);
- + net taxes on production (business rates + vehicle excise duty - subsidies received through the Work Programme).

Basic prices means that the valuation of output includes net taxes (taxes minus subsidies) on the production process (such as business rates), but not net taxes on individual products that result from that process (such as Value Added Tax (VAT)).

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## B.

### Business Register and Employment Survey (BRES)

The ABS does not collect information on employment level, so instead this key information is taken from another source. In the past, employment data were collected via Annual Business Inquiry Part 1 (ABS/1), however, in 2009, ABI/1 was replaced with the Business Register and Employment Survey (BRES). The ABS and BRES are both optimal for their respective purposes, however caution should be taken when combining the financial data from the ABS and employment information from BRES to calculate estimates due to differences in methodology.

The survey collects employment information from businesses across the whole of the GB economy for each site that they operate. Northern Ireland data is provided separately by the Department of Finance and Personnel Northern Ireland (DFPNI). This allows the ONS to produce employee and employment estimates by detailed to include in the ABS releases.

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## C.

### Class

See "[Section](#)".

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### Classifications

Statistics are usually compiled from a large set of individual observations. In order to draw conclusions, these observations need to be grouped or 'classified' together. A classification assigns items to categories according to shared characteristics, and provides a framework for the description and comparison of statistics.

Classifications facilitate the accurate and systematic arrangement of data according to common properties so that the resulting statistics can be easily reproduced and compared over time as well as between different sources. Classification is an essential part of statistics, and standard classifications are key instruments of official statistics. See also [Standard Industrial Classification](#).

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### Commercial insurance premiums paid

The amount of money to be paid to an insurance company to facilitate insurance cover with that company is called the premium. Premiums are included for all questionnaires of commercial insurance, including insurance premium tax (e.g. fire, motor vehicle, accident, transit within the UK, loss of profit).

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### Customs and excise duty payable

Amounts paid directly to HMRC are included in the total turnover figure. This includes amounts paid on tobacco, cigarettes, cigars, alcoholic drinks, import duties, petroleum and petroleum products.

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## D.

### Disposals

This is another measure of Capital Expenditure, specifically the proceeds arising from the sale of capital fixed assets no longer required. Fixed assets are things such as property, land, machinery and equipment that have generally been kept for some time. The ABS measure of disposals includes such things as the sale of land, buildings and machinery.

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## Division

See "[Section](#)".

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## E.

### Employment - average during the year

This is the point in time estimate of full-time and part-time employees normally on a set day in September, adjusted to give a yearly average value, based on quarterly data from the Short Term Employment Survey (STES), plus the number of working proprietors employed on the same day. See also **Employment – point in time**.

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### Employment costs

This includes all gross wages and salaries, employers' National Insurance contributions, contributions to pension funds, overtime, bonuses, commissions, payments in hand, holiday pay by employers and amounts payable to employees through redundancy and severance less any amounts reimbursed for this purpose from government sources.

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### Employment - point in time

An employee is classed as anyone aged 16 years or over that an organisation directly pays from its payroll, in return for carrying out a full-time or part-time job or being on a training scheme. This includes those temporarily absent but still being paid e.g. absent through sickness or on maternity leave. It excludes Government Supported Trainees and HM Forces. BRES also excludes very small businesses which are below both VAT and PAYE thresholds. Point in time relates to the specific date that the Business Register and Employment Survey (BRES) asks for employment information on their questionnaire, normally in September.

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### Enterprise

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

So an enterprise brings together legal unit information such as PAYE, VAT, company registration to create a statistical unit.

An enterprise may consist of one or more sites (called local units), for example, the head office for a group of shops. An enterprise may therefore have local units at different locations, and may carry out more than one type of economic activity.

The business unit to which survey questionnaires are sent is called the reporting unit. An enterprise can comprise of one reporting unit, or it can be split into several non-overlapping reporting units. These are identified by grouping lists of local units which have similar activity. Other than for a minority of larger business or businesses which have a more complex structure, the reporting unit is the same as the enterprise.

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## **G.**

### **Government Statistical Service (GSS)**

GSS (Government Statistical Service) is a network of professional statisticians and their staff operating both within the Office for National Statistics(ONS) and across most UK government departments and agencies. Members of this community produce National Statistics and other official statistics including those from the ABS.

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### **Gross Domestic Product (GDP)**

GDP (Gross Domestic Product) is an integral part of the United Kingdom's (UK) National Accounts and provides a measure of the total economic activity in the country. GDP is often referred to as one of the main 'summary indicators' of economic activity.

GVA is a key component of GDP. Estimates of turnover and purchases from ABS are used to produce estimates of output and intermediate consumption (and therefore GVA and GDP) in the National Accounts.

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### **Gross wages and salaries - including redundancy and severance payments**

Wages and salaries are a periodic payment paid in cash or kind to employees for their labour. This measure accounts for all workers employed by the company, regardless of working pattern or permanency. It includes Golden Handshakes. It does not include such things as sub-contractors, pay given for piecework and travelling or subsistence expenses, nor rebates from the NI redundancy fund or accrued holiday pay.

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## Group

See “[Section](#)”.

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## I.

### Inter-Department Business Register (IDBR)

Introduced in 1994, the IDBR, which is the comprehensive list of UK businesses that is used by government for statistical purposes is fully compliant with the European Union of Regulation on Harmonisation of Business Registers for Statistical purposes. It provides the main sampling frame for surveys of businesses carried out by the ONS and by other government departments including the ABS. It is also a key data source for analyses of business activity.

The IDBR covers over 2.1 million businesses in all sectors of the UK economy, other than some very small businesses (those without employees, and with turnover below the tax threshold) and some non-profit making organisations.

The information used to create and maintain the IDBR is obtained from the five main administrative sources below. These data are provided under various legislation:

1. HMRC VAT – Traders registered for VAT purposes with HMRC;
2. HMRC PAYE – Employers operating a PAYE scheme, registered with the HMRC;
3. Companies House - Incorporated businesses registered at Companies House;
4. Department for Environment, Food and Rural Affairs (DEFRA) farms;
5. Department of Finance and Personnel, Northern Ireland (DFPNI).

As well as the five main sources listed above, a commercial data provider, Dunn and Bradstreet, is used to supplement the IDBR with Enterprise Group information.

In addition the ONS Business Register and Employment Survey (BRES) and other surveys supplement these administrative sources, identifying and maintaining the business structures necessary to produce detailed industry and small area statistics. BRES is the only ONS source of local unit (site) information.

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## L.

### Local unit

This is the basic unit used in analysis of regional data for the ABS. Each Local Unit comprises a single physical site, and there may be many Local Units in a single Reporting Unit. Local Unit data is not requested separately, but estimated from Reporting Unit level information.

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## M.

### Motor trades turnover

Turnover questions on the motor trades' questionnaire are specific to the industry and have a greater breakdown in turnover compared to the other industries.

Turnover in the motor trade industry can be split into Motor trade and Non-motor trade turnover. Motor trade turnover is everything listed below which is not included in non-motor trades turnover.

Turnover consists of total takings or invoiced sales and receipts of the business in connection with the sale of goods and services, including VAT invoiced to the customer. Interest and similar income, other operating income and extra-ordinary income are excluded.

Sales are valued at selling price, before deducting allowances for vehicles traded in. Sales of vehicles and parts to fleet operators are included with retail sales, even if the price charged is the trade price.

The following classifications of goods are to be included in this figure:

- motor vehicles (include cars, motorhomes, caravans and trailers, taxis, vans and other commercial vehicles and public service vehicles, but exclude static caravans and agricultural vehicles);
- demonstration cars (cars registered and used by the manufacturer and resold, including courtesy and self-supply cars);
- demonstration commercial vehicles include trucks and lorries;
- motorcycles including, scooters, mopeds and three wheelers;
- campaign bonuses including tactical and registration bonuses paid by the manufacturer of the sale and marketing of their products;
- petrol filling stations which operate on a commission basis only include the commission paid to them not the petrol sales.

Only applicable for the Motor Trades industry.

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## N.

### National Accounts

The National Accounts provide a comprehensive description of all economic activity within the economic territory of the UK. This includes activity involving both domestic units (for example individuals and institutions resident in the UK) and external units (those resident in other countries).

Coverage of the core accounts is all encompassing:

- production;
- consumption;
- generation;
- distribution;

- redistribution of income;
- capital investment;
- and the financing of the above.

These core accounts deal with transactions between the main sectors of the economy, namely households, businesses, government and any international transactions with the rest of the world.

Additionally, accounts are produced for the regions, sub-regions and local areas of the UK, as are satellite accounts which cover activities linked to the economy. Separate from the core accounts, most notably are the environmental accounts.

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### **National non-domestic (business) rates**

'Business rates' is the commonly used name for national non-domestic rates, a tax on the occupation of non-domestic properties. These rates are amounts payable via local authorities in respect of industrial and commercial properties. They exclude water rates and sewerage charges.

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### **Net capital expenditure**

Capital expenditure can be defined as expenditure on acquiring or adding to the value of fixed assets, or alternately the money gained from disposing of such fixed assets no longer needed by the company. Fixed assets are things such as property, land, machinery and equipment that are expected to be kept for some time.

Net capital expenditure is the balance between money spent on the acquisition of fixed assets, and money gained from the disposal of fixed assets bought previously. Net capital expenditure is calculated as the difference between acquisitions and disposals.

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### **Non-motor trades turnover**

Turnover in the motor trade industry can be split into Motor trade and Non-motor trade turnover.

Non-motor trade turnover is everything listed below which is not included in motor trades turnover:

- Claims received from all forms of commercial insurance (e.g. fire, motor vehicles, accident, transit within the UK, loss of proof). Insurance companies should only record claims made on behalf of own business;
- Income derived from the renting of land (if recorded separately within your accounts);
- Interest and dividends;
- All trade, cash or other discounts and rebates that are recorded in your profit and loss and/or income and expenditure accounts.

For other turnover included within the motor trades please see “Motor trades turnover”.

Only applicable for the Motor Trades industry.

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### **Non-retail turnover**

Turnover in the retail industry can be split into retail and non-retail turnover.

Turnover consists of total takings or invoiced sales and receipts of the business in connection with the sale of goods and services. Interest and similar income, other operating income and extra ordinary income is **excluded**.

Examples of non-retail turnover would be:

- Repair of all household goods (including clothing, footwear, household products, clocks, watches and jewellery);
- Turnover arising from service activities (e.g. sales of prepared food and drink consumed on the premises, hire or rental of goods);
- Other non-retail turnover such as wholesaling.

Only applicable for the Retail industry

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### **Number of full-time employees - average during the year**

This is the point in time estimate of full -time employees normally on a set day in September. It is adjusted to give a yearly average value based on quarterly data from the Short Term Employment Survey (STES). This includes the number of working proprietors employed on that same day.

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### **Number of full-time employees - point in time**

Full-time employees are defined as working more than 30 hours per week, on a specific date.

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### **Number of part-time employees - average during the year**

This is the point in time estimate of part-time employees normally on a set day in September, adjusted to give a year average value based on quarterly data from the Short Term Employment Survey (STES).

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## Number of part-time employees - point in time

Part-time employees are classed as working 30 or less hours per week, on a specific date.

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## O.

### Organisation for Economic Co-operation and Development (OECD)

The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. They work with governments to understand what drives economic, social and environmental change. They measure productivity and global flows of trade and investment. They analyse and compare data to predict future trends and set international standards on a wide range of things, from agriculture and tax to the safety of chemicals.

They also look, at issues that directly affect the lives of ordinary people, like how much they pay in taxes and social security, and how much leisure time they can take. They compare how different countries' school systems are readying their young people for modern life, and how different countries' pension systems will look after their citizens in old age.

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### Other amounts paid for taxes, duties and levies

Covered in other taxes, duties and levies are, stamp duties, council tax, export levies, statutory amounts paid to either Environment Agency (EA), Office of Gas and Electricity Markets (OFGEM) or the Water Regulators – Office of Water Services (OFWAT) in England and Wales and the Scottish Water and Sewerage Customers Council (SWSCC) in Scotland, Consumer and Credit Act fees, franchise payments.

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### Other services purchased

This covers any services purchased by a firm which are not covered elsewhere on the questionnaire. These include such things as exam costs, postage costs, congestion charges and bank charges among others. There is a comprehensive, though not exhaustive, list of inclusions and exclusions in the notes attached to each ABS questionnaire.

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## Output

Goods and services produced in the accounting period, broadly estimated as sales plus changes in inventories of finished goods and work in progress, including output for a unit's own final use.

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## P.

### Payments for hiring, leasing or renting plant, machinery and vehicles

Leasing, renting and hiring are processes whereby a business can pay a fixed and/or, periodic payment for use of a fixed asset, without having to pay the full initial outlay to purchase that fixed asset. These payments can be tax-deductible for the firm. Including in the above are rental of property, telephone handsets and modems, car hire or other vehicle hire without drivers and hire of scaffolding.

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### Payments to sub-contractors

A sub-contractor is a person who is hired by a general contractor, or prime contractor, to perform a specific task as part of the overall project, and is normally paid for services provided to the project by the originating general contractor. Payments to sub-contractors are classified under general purchases rather than employment costs, as they do not feature on the main contractor's payroll for PAYE purposes.

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### Prodcom

The UK Manufacturers' Sales by Product survey, more commonly known as PRODCOM, is the most comprehensive annual business survey conducted by the Office for National Statistics (ONS), covering product sales in the manufacturing industry. Prior to 1993 product information was collected through the Annual and Quarterly Sales Inquiries (ASI/QSI).

The survey collects information from approximately 21,500 UK manufacturing businesses from a total of 234 manufacturing industries, covering approximately 3,800 products. Though every business is classified to a specific manufacturing industry, each business can span a variety of products depending on the diversity of its activity. This enables businesses to contribute to multiple industries product sales. In addition to product sales information, businesses supply non-manufacturing income. This allows investigation of the proportion of manufacturing and non-manufacturing activity in each manufacturing industry.

More information can be found at <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/business-and-energy/manufacturing/index.html>

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### Purchases

The net costs of purchases made during the period of the return whether or not they were used or resold during the period. Employment costs, stock variation, bad debts, depreciation, interest payments, amounts charged to a capital account and capitalised building repairs are all excluded.

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### **Purchases of advertising and marketing services**

Advertising or marketing campaigns including payments for television or radio media, newspaper or billboard space, market research and public relation activities carried out by a third party.

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### **Purchases of computer and related services**

Consultancy charges on computer software and hardware, cost of repair, maintenance and installation of office and computing machinery.

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### **Purchases of energy and water products for own consumption**

All fuels (e.g. electricity, gas, oil, coal, coke, petrol, diesel), water abstraction application charges, water rates, sewerage charges and any other waste disposal or effluent costs used in the running of own business.

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### **Purchases of goods and materials**

This includes the cost of raw materials, components, semi-manufactures, workshop and office materials, transfers of goods to the business from other parts of the company, costs of any materials supplied for work done by a sub-contractor, costs of all materials purchased for use in the installation of customers' goods, purchases of telephones, food and drink used in preparation of meals and drinks, building materials purchased for own use.

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### **Purchases of goods for resale**

Goods resold in the same state as bought.

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### **Purchases of road transport services**

The cost of freight transport by road, road transport used for movement of furniture or other items, services purchased for own staff use (e.g. buses taxis), amounts payable for road vehicles hired with drivers. Car hire is excluded.

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## Purchases of telecommunication services

Rental charges on telephone services including mobile phones; cost of all telephone calls; facsimiles; internet services and data transmission.

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## R.

### Region

The Nomenclature of Units for Territorial Statistics (NUTS) is a hierarchical classification of geographical units that provides a breakdown of the European Union's territory for the purposes of producing comparable regional statistics. There are various levels of NUTS from UK countries and regions down to individual wards. The UK is divided into 12 NUTS1 regions, which are used in this publication. They include nine English regions, Scotland, Wales and Northern Ireland. These align with the former 'Government Office for the Regions (GOR)' classification which is now obsolete.

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### Regional apportionment

The business unit to which ABS questionnaires are sent is called the reporting unit. For ABS, the reporting unit represents an enterprise, which may consist of one or more sub-units (called local units). For example, an enterprise might be the head office for a group of shops. An enterprise may therefore have local units at different locations, and may carry out more than one type of economic activity.

To produce the regional estimates, the reporting unit data returned by each business is divided amongst its local units, largely in proportion to the employment in each local unit. Local unit employment is obtained from the Business Register Employment Survey (BRES), which collects data from local units. Results are then aggregated for each country / English region and industry, using the industry classification of the local units.

Each local unit is assigned a single SIC code, which corresponds to the unit's principal activity. Where more than one type of economic activity is carried out by a local unit or enterprise, its principal activity is the activity in which most of the workforce is employed. Hence, although the sum of the regional results for the UK Business Economy will match the total for the national results, the sum of the regional results by industry will not necessarily match the UK industry totals, as local units might not all share the same industry classification as their parent units.

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### Reporting unit

Reporting units hold the mailing address of business to which the survey questionnaires are sent. The questionnaire can cover the enterprise as a whole, or parts of the enterprise identified by lists of local units.

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## Retail turnover

Turnover in the retail industry can be split into retail and non-retail turnover.

This is the amount of money taken by a business for the sale of goods and foods to the general public (not other businesses) for personal or household use. This also includes money taken for repairs and installation of these goods.

Examples of retail turnover are:

- Retail sales from shops (excluding forecourt shops);
- Retail sales by mail order (including retail sales over the Internet);
- Retail sales by direct selling to consumers in their own homes or work places using regular roundsmen (e.g. milk delivery roundsmen);
- Retail sales by direct selling to consumers in their own homes or work places using independent sales people (e.g. as a member of the Direct Selling Association) including party plan and door-to-door but excluding regular roundsmen;
- All other retail sales including sales of petrol, sales from automatic vending machines and sales by other means.

Only applicable for the retail industry, however, the question does appear on both the Wholesale and Catering forms although the data is not published.

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## S.

### Sales of goods bought for resale without further processing

Also known as “merchanted goods” or “factored goods”, this applies to goods which are bought and sold onwards without any processing carried out in the meantime. Processing would include packaging or labelling, and also includes goods which have been bought on “sale or return” and subsequently sold, not including the cost of those which were returned.

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### Sales of goods produced, work done and services rendered

Turnover consists of total takings or invoiced sales and receipts of the business in connection with the sale of goods and services. Included are all sales made in the year of the return whether or not the goods were produced in the year.

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## Section

The UK Standard Industrial Classification 2007 (SIC 2007) is divided into 21 sections, each denoted by a single letter from A to U. The letters of the sections can be uniquely defined by the breakdown to the divisions (denoted by two digits) which are broken down into groups (three digits), then into classes (four digits) and, in some but not all cases, again into subclasses (five digits).

For example, in SIC (2007):

section	C	manufacturing (comprising divisions 10 to 33);
division	13	manufacture of textiles;
group	13.9	manufacture of other textiles;
class	13.93	manufacture of carpet and rugs;
subclass	13.93/1	manufacture of woven or tufted carpets and rugs.

The full structure of SIC 2007 consists of 21 sections, 88 divisions, 272 groups, 615 classes and 191 subclasses.

The industries covered by ABS are:

- Agriculture (support activities, group 01.6), forestry and fishing – part of section A;
- Production industries – sections B-E;
- Construction industries – section F;
- Distribution industries – section G;
- Non-Financial service industries – sections H, I, J, L, M, N, P (private provision only), Q (private provision only in groups 86.1 and 86.9), R, S.

The main industries excluded by ABS are:

- Agriculture (crop and animal production, groups 01.1, 01.2, 01.3, 01.4 and 01.5) – part of section A;
- Financial activities – section K;
- Public administration and defence – section O;
- Education (public provision) – section P;
- Health (public sector provision in groups 86.1 and 86.9, all medical and dental practice activities in group 86.2).

Data for a small part of the Financial and insurance sector (section K) has been collected by the ABS since 2008, and Insurance and reinsurance (groups 65.1 and 65.2) were previously included in the results. However, following discussions with key users, ONS decided to remove this experimental series from ABS releases for the reference year 2012 onwards due to the continued volatility of the data.

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## Social security costs

This is composed of Employers' National Insurance contributions and Contributions to pension funds (including lump sum contributions). Employers' pension contributions represent actual net amounts rather than notional values.

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## Standard Industrial Classification (SIC)

A Standard Industrial Classification (SIC) was first introduced into the UK in 1948 for use in classifying business establishments and other statistical units by the type of economic activity in which they are engaged.

The classification provides a framework for the collection, tabulation, presentation and analysis of data. In addition, it can be used for administrative purposes and by non-government bodies as a convenient way of classifying industrial activities into a common structure.

The Classification which is being used in any analysis is denoted using a 2 digit number which relates to the year in which the Classification was revised, normally the most recent version. Currently, ABS uses SIC 2007, referring to the Classification produced in 2007

Since 1948 the classification has been revised in 1958, 1968, 1980, 1992, 1997, and 2003.

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## Stocks and work in progress - increase during year

The increase during the year is value of stocks at the end of year minus the value of stocks at the beginning of the year.

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## Stocks and work in progress - value at beginning of year

The value of stocks at the beginning of the financial year, include all stocks that they hold title to, stocks owned and held by them in the UK or currently in transit within the UK, products that they own title to in the intermediate stages of completion, value of any goods let out on hire, contracts not yet finalised – commission fees for work carried out, building work carried out by themselves.

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## Stocks and work in progress - value at end of year

The value of stocks at the end of the financial year, include all stocks that you hold title to, stocks owned and held by you in the UK or currently in transit within the UK, products that you own title to in the intermediate stages of completion, value of any goods let out on hire, contracts not yet finalised – commission fees for work carried out, building work carried out by themselves.

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## Structural Business Statistics (SBS)

ABS data are one of the major sources used to comply with the Structural Business Statistics regulation (SBS) for annual structural statistics,

SBS describe the structure, activity, competitiveness and performance of economic activities within the business economy down to the detailed level of several hundred sectors. They are used to inform and monitor European Policy.

In broad terms, SBS are compiled from information concerning units engaged in economic activity; the types of statistical units observed are mainly enterprises, although local units are often used for regional SBS, some industrial SBS data relates to the kind of activity unit.

This data is collected within the context of the [Council Regulation 58/97](#) on structural business statistics.

SBS cover the business economy, which includes industry, construction and services. Because of their specific nature and the limited availability of most types of SBS, financial services are included in SBS but treated separately.

SBS do not cover agriculture, forestry and fishing, nor public administration and (to a large extent) non-market services such as education and health.

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## Sub-class

See "[Section](#)".

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## T.

### Taxes, duties and levies paid

This covers the total amount payable in rates, duties, levies and taxes to government. It includes, among other things, business rates, vehicle excise duty, taxes and duties paid to HMRC and charges under the Climate Change Levy.

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## Turnover excl VAT

Turnover consists of total takings or invoiced sales and receipts of the business in connection with the sale of goods and services. Interest and similar income, "Other Operating Income" and extra ordinary income is **excluded**. VAT invoiced to the customer is excluded.

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## Turnover inc VAT

Turnover consists of total takings or invoiced sales and receipts of the business in connection with the sale of goods and services. Interest and similar income, “Other Operating Income” and extraordinary income should be **excluded**. VAT invoiced to the customer is included.

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## U.

### UK Manufacturers’ Sales by Product (PRODCOM)

See [“Prodcom”](#).

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## UK non-financial business economy

Data for the Insurance and Reinsurance industries continue to be excluded from ABS following discussions with key users. This experimental series was previously included in the results for reference years 2008 to 2011 and covered a small part of the Financial & insurance sector. Since November 2013 it has been removed from the Annual Business Survey (ABS) release due to ongoing volatility while a more detailed quality assessment is undertaken. As such results cover the UK Non-Financial Business Economy rather than the UK Business Economy. This does not affect other industries.

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## V.

### Value added tax (VAT)

A tax on consumption, which is paid to the tax authorities by the seller on behalf of the consumer. It is not levied on goods used as intermediate consumption.

All VAT is included. The only exception is VAT paid under the Margin Scheme for second-hand goods, works of art, antiques and collectors’ items.

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## Value of industrial services purchased

This covers the amounts payable for various services of an industrial nature. It includes, but is not exclusive to, printing services, repairs and installation of plant and machinery, hire of agricultural and forestry equipment with operator and amounts payable for water abstraction or water discharge consent services. Fuller lists of the values to be included can be found on the notes attached to the SBS questionnaire specific to each industry.

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**W.****Work in progress (WIP)**

WIP consists of goods and services that have been partially processed, fabricated, or assembled by the producer but that are not usually sold or turned over to others without further processing. Products held by the unit which belong to third parties are excluded, as are partially completed structures for which the ultimate owner is deemed to have taken ownership. This can be either by existence of a contract or sale/purchase or because the production is for the business' own use.

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