

Review of the results on the use of KAU's from enterprises outside RT in the monthly survey on retail trade

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1. The conceptual framework

STS is compiled on the basis of specific Regulations that harmonise the production of statistics among European Member States.

STS mainly refers to Council Regulation No 1165/98 of May 1998 concerning short-term statistics. Regulation fix the concepts of the indicators to be transmitted to Eurostat, the observation unit, scope, the level of breakdown, the frequency.

The observation unit for all variables in the Annex C (retail trade) is the **enterprise**.

The relationship between the different types of statistical units is illustrated in the following table:

	One or more locations	A single location
One or more activities	Enterprise	Local unit
One single activity	KAU	Local KAU

Statistical units play a prominent role in the EU system of business statistics. Only if the MS use common definitions of statistical units will it be possible to provide integrated statistical information with the reliability, flexibility and degree of detail required.

Statistical units are therefore:

- the corner stones of business statistics;
- the building blocks of statistical aggregates;
- the links allowing statistics to be harmonised.

A unit may perform one or more economic activities described in one or more categories of NACE.

A distinction should be made between **principal** and **secondary** activities, on the one hand, and **ancillary** activities, on the other. Principal and secondary activities are generally carried out with the support of a number of ancillary activities, such as accounting, transportation, storage, purchasing, sales promotion, repair and maintenance, etc. Thus, ancillary activities are those that exist solely to support the principal or secondary economic activities of a unit, by providing goods or services for the use of that unit only.

An entity that only carries out ancillary activities for the enterprise to which it belongs cannot be considered as a separate KAU.

The Annex C applies to the activities listed in Division 47 of NACE Rev. 2. This division includes the **resale (sale without transformation)** of new and used goods mainly to the general public for personal or household consumption or utilisation, by shops, department stores, stalls, mail-order houses, door-to-door sales persons, hawkers, consumer cooperatives etc.

The goods sold in this division are limited to goods usually referred to as consumer goods or retail goods. Therefore goods not normally entering the retail trade, such as cereal grains, ores, industrial machinery etc. are excluded.

This division also includes units engaged primarily in selling to the general public, from displayed merchandise, products such as personal computers, stationery, paint or timber, although these products may not be for personal or household use.

Handling that is customary in trade does not affect the basic character of the merchandise and may include, for example, sorting, separating, mixing and packaging.

This division also includes the retail sale by commission agents and activities of retail auctioning houses.

This division excludes:

- sale of farmers' products by farmers, see division 01
- manufacture and sale of goods, which is generally classified as manufacturing in divisions 10-32
- sale of motor vehicles, motorcycles and their parts, see division 45
- trade in cereal grains, ores, crude petroleum, industrial chemicals, iron and steel and industrial machinery and equipment, see division 46
- sale of food and drinks for consumption on the premises and sale of takeaway food, see division 56
- renting of personal and household goods to the general public, see group 77.2

2. Findings of the analyses done by BHAS(BD), FIS, RSIS

For preparing and conducting the first mission three statistical institutions in BiH had prepared and sent prior to the mission brief reports on analysis of KAU's in RT belonging to enterprises correctly classified outside RT, divided by activity.

BHAS collect data on retail trade only from enterprises and don't possess any information on KAU's in retail trade which belonging to enterprises outside RT. So, it was not available to determine whether these enterprises are correctly classified or not.

FIS provided such information:

1. Data from the SBR with the situation on 31 December 2011:

- Approximately **711** companies (enterprises), whose main activity is registered as **outside retail trade – other activities**, in its composition have **2,838** statistical units that may be recognised as either **KAU or LKAU that are in the business of retail trade**.
- There is a suspicion that some 1,600 companies are not well classified, and the particular difficulty is the distinction between wholesale and retail trade. Personnel from the SBR plans to conduct additional analyses and update to the registry, in cooperation with subject matter methodologists, in the coming months. We expect significant improvement in the quality of the statistical business register by the end of September 2012.

2. Data from the Statistical Retail Trade Survey:

- The other 715 companies are concerned with other activities, of which 311 are suspected to have the wrong classification, i.e. whose main activity is **outside the G 47**, but that have **1,005 KAU or LKAU** engaged in retail trade (list provided in the appendix). Their share in total turnover of retail trade is approximately 46%, which represents a decrease of about 5% compared to the year 2011.

RSIS enclosed list of KAU's sorted by activity and a brief analysis:

The total number of KAU in retail trade from enterprises whose prevailing activity is not retail trade is 787 and deployed it in 166 different activities, out of which:

- The wholesale trade refers to 511 KAUs which makes 72.2% of turnover of KAUs, and 13.8% of total turnover of retail trade;
- The industries refers to 151 KAU with 19.3% share in turnover of KAUs and 3.7% in total turnover of retail trade
- Other activities are related to 125 KAUs with 8.5% share of the KAU turnover, and 1,6% in total turnover of retail trade

Analysing the lists of KAU's we see a big number in the activity 10.71 "Manufacture of bread; manufacture of fresh pastrygoods and cakes". It seems, that there is as retail trade activity classified an ancillary activity of production (own production).

Recommendations:

- actual SBR should be used as main tool for all statistical surveys;
- to use the enterprise as observation unit;
- to separate KAU only if it is important for the activity class and influent the total turnover more than 1%;
- the frame should be used the same for STS and SBS.