

## **Appendix 4**

### **Explanation of Terms**

#### **1 Establishments**

An "establishment" is defined as a single physical location where an economic activity is conducted and as a general rule, the following prerequisites are satisfied;

- An economic activity is carried out, under a single entity of management, at a certain fixed place, occupying a demarcated area.
- The production or supply of goods and services is done on a continuing basis with the help of people and equipment.

#### **2 Enterprise, etc.**

An "enterprise" is defined as a corporation (excluding foreign companies) conducting business activities or an establishment of individual proprietorship (if the enterprise is managed under individual proprietorship and the same manager manages multiple establishments, the establishments become collectively a single enterprise).

"Enterprise, etc." refers to those entities, including a part of public enterprises, etc. operated by an enterprise and the national government or a local government.

#### **3 Sales**

This is sales for supply of services and sales of article (including indirect tax, consumption tax, etc.) in the establishment or enterprise, etc. The sales are including cost such as purchase amount and salary and total income from all operations of the establishment or enterprise, etc.

[Those included in sales]

- Consignment sale --- Sales commission income
- Consignment sale --- Actual sales amount sold by a consignee
- Real estate agents/intermediary service providers --- Agent fee income, intermediary commission income, etc.
- Brokerage service provider --- Brokerage commission income (commission for cleaning, photo (development, printing and enlargement of photos))
- Own consumption/donations --- When consuming goods or products on one's own or donating them, the amount obtained by converting them into money
- Medical and other health services/care services --- Insurance premiums received for medical insurance/nursing care insurance, and self-pay of the user
- "Corporations excluding companies" and "organization other than corporations" --- Income gained by business activities

[Those not included in sales]

- Nonbusiness interest and dividend income, such as those accrued from deposits and securities
- Nonbusiness income gained from the sale of securities or properties such as land and buildings
- Borrowing
- Expenses provided from headquarters and head offices for operating branch offices
- Working income that a proprietor or its family member of the establishment under individual proprietorship gains outside the working place

[Time of posting sales]

- For sales, those at the time of providing services, etc. are posted, rather than at the time of receiving payments.

Examples:

- For installment sale, sales are posted at the time of providing services, etc.
- In case of supplementary tutorial schools, etc. tuitions for three months are received in a lump sum, they are divided and posted equally at each month of the period (three months) of giving classes.
- For a long-term project for software development, etc., they are posted depending on the status of progress.
- Sales are posted for one month from the beginning to the end of the month.

#### **4 Demand Situation**

The demand situation refers to changes in demand (number of users, contracts, services provided, etc.) for major services compared with the same month a year earlier for each business activity of an establishment or enterprise, etc. The composition ratio is prepared for four answers: "Increased," "Decreased," "Not particularly changed," and "Not sure" The number obtained by deducting "Decreased" from "Increase" is treated as demand situation DI.

#### **5 Persons Working at the Location of Establishment**

Persons working at the location of establishment include all persons who are engaged in the business of the establishment or enterprise, etc. on the business day nearest to the end of the month (excluding dispatched or temporarily transferred employees to other enterprise, but including those who work as dispatched or temporarily transferred employees from other enterprise).

##### **(1) Regular employees**

Those who have been employed indefinitely or more than one month or those who were employed for 18 days in the survey month and the previous month.

(2) Full-time employees

Those who are generally called fulltime regular employees and staff.

(3) Other than full-time employees

Those who are generally called part time workers, temporary staff or so.

(4) Non-regular workers (Those workers other than regular employees)

Those who have been employed for a limited period of one month or less or employed on a day-to-day basis.

(5) Persons Temporarily Transferred or Dispatched from Separately-managed Establishment or Enterprise, etc.

Those who come from other enterprises, etc. and work at this establishment or enterprise, etc. remaining members of a transferring company, such as a temporary transfer with their enrollment in the transferring company, in addition to dispatched workers set forth in the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Act No. 88 of 1985).

## **6 Industry of Business Activity**

This is an industry classification by unit of business activities conducted by an establishment and enterprise, etc. An establishment is deemed to conduct only a single business activity.

## **7 Industry of Establishment and Enterprises, etc.**

This is an industry classification by unit of establishment and enterprises, etc., where establishments are classified according to business activities of the establishment, and enterprises, etc. are classified according to the entire major business activities including establishments under the control of the enterprises, etc., respectively.

## **8 Type of Legal Organization**

(1) Individual proprietorship

This is an organizational state of an establishment or enterprise, etc. owned and managed by an individual. It includes an establishment or enterprise under the joint management of a number of individuals and which is not incorporated.

(2) Company

This includes stock company (including limited company), general partnership company, a limited partnership company, a limited liability company, mutual company but excluding foreign company.

(3) Foreign company

A foreign company is a main branch office or a sales office of a company which was founded in a foreign country, and which was registered according to the prescription in the Companies Act (Act No.86 of 2005). A company with capital participation by a foreign company is not regarded as a foreign company.

(4) The others

① Corporation excluding company

This is an organizational state of an incorporated establishment excluding any company.

Included in this category are incorporated administrative agencies, local incorporated administrative agencies, national university corporations, inter-university research institute corporations, special corporations, approved corporations, incorporated foundations, incorporated associations, social welfare juridical persons, medical juridical persons, juridical persons for offender rehabilitation, national health insurance societies, mutual aid associations, legal professional corporations, auditing firms, licensed tax accountant's corporations, etc.

② Organization other than corporation

This is an association that is not legally incorporated.

Included in this category are national government, local government, council, etc.

## 9 Capital

This is the amount of capital of a stock companies (including limited companies), the amount of investment of a general partnership companies, limited partnership companies and limited liability companies, or the amount of funds of a mutual companies.