

## **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:

- Economic activities are conducted under a single business principal, occupying a certain place or plot of land.
- Production or supply of goods and services is conducted continuously with personnel and facilities provided for this purpose.

#### **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, the national government or a local government.

#### **3 Annual Sales (Income), etc.**

##### **(1) Annual Sales (Income)**

Refers to annual sales (income) for supply of services and sales of article (including indirect tax, consumption tax, etc.) in the establishment or enterprise, etc.

The annual sales (income) is defined as total income from all operations of the establishment or enterprise, etc. including costs such as purchase amount and salary.

As for the annual sales of each prefecture, the annual sales of enterprises for which direct calculation cannot be made (e.g. transport businesses that involve multiple prefectures) were calculated by proportionally dividing the annual sales of the entire enterprise based on relevant data such as the number of persons working at the location of establishment in each relevant prefecture.

[Those included in annual sales (income)]

- Consignment sale --- Sales commission income or actual sales amount sold by a consignee
- Real estate agents/intermediary service providers --- Agent fee income, intermediary commission income, etc.
- Brokerage service providers --- 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 annual sales (income)]

- 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
- Income to continue a business activity at an entity whose legal organization is “corporation excluding companies” and “organization other than corporations” (operating grants, donations, contributions, subsidies, membership fees, contributions of members, etc.)

[Time of posting sales (income)]

- Annual sales (income) are posted for the reference period from January to December in the previous year of the survey year, or posted for the accounting period which includes most of the reference period.
- For annual sales (income), 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.

## **(2) Income to continue business activities**

This income excludes sales and includes operating grants, donations, contributions, subsidies, membership fees, contributions of members, etc., to continue a business activity at an entity whose legal organization is “corporation excluding companies” and “organization other than corporations.”

## **(3) Total Annual Income**

Total Annual Income is defined as Annual sales plus Income to continue business activities.

## **4 Persons Working at the Location of Establishments**

Persons working at the location of establishments include all persons who are engaged in the business of the establishments or enterprises, etc. on the business day nearest to the end of the June of the year this survey is conducted (excluding dispatched or temporarily transferred employees to other enterprises, but including those who work as dispatched or temporarily transferred employees from other enterprises). As for the value of persons working at the location of establishments by business activities, it is included only in a main business activity engaged in.

We classified it as follows.

### **Salaried directors**

Those who receive a salary as an executive at a corporation or an organization other than an individual proprietorship.

**Individual proprietors**

Business owners of individual proprietorships. An establishment of an individual proprietorship must have only one individual proprietor.

**Unpaid family workers**

Those who are members of the family of individual proprietors and help with the establishment's work but receive no wages or salaries.

**Regular employees**

Those who have been employed indefinitely or those who have been employed for more than one month.

**Full-time employees**

Those who are generally called fulltime regular employees and staff.

**Other than full-time employees**

Those who are generally called contract employees, entrusted employees, part time workers, temporary staff and so on.

**Non-regular workers**

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

**Persons Temporarily Transferred or Dispatched from Separately-managed Establishment or Enterprise, etc.**

Those who come from other establishments or enterprises, etc. and work at an establishment or enterprise, etc. while remaining members of the transferring company, including cases of temporary transfer with 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).

**5 Annual Sales (Total Annual Income) per Person Working at the Location of Establishment**

Refers to the value of annual sales (annual income) divided by persons working at the location of establishments.

**6 Industry of Business Activity**

Refers to an industry classification by unit of business activities conducted by an establishment and enterprise, etc. In enterprises, etc., they are classified by each individual business activity. In establishments, they are deemed to conduct only a single business activity, and are classified by major business activities of their own.

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

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

control of the enterprises, etc.

## **8 Types of Legal Organization**

### **Individual proprietorships**

Refer to businesses run by individuals. Partnerships are also included in this category, unless they are a company or corporation.

### **Corporations**

Refer to businesses managed by entities granted with corporate status based on legal provisions. The following companies and corporations other than companies fall under this category.

#### **Companies**

Refer to stock companies, general partnership companies, limited partnership companies, limited liability companies, mutual companies and foreign companies.

Foreign companies are main branch offices or sales offices of companies which have been established in a foreign country, and which have been registered in Japan under the provisions of the Companies Act (Act No.86 of 2005). Companies managed by foreigners, or companies for which foreign capitals participate in their management, are not regarded as foreign companies.

#### **Corporations other than companies**

Refer to organizations with corporate status other than the status of a company, and to central and local governments. This category includes 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.

#### **Organizations other than corporations**

Refer to organizations without corporate status. This category includes establishments of councils, etc.

## **9 Capital**

Refers to the amount of capital of stock companies, the amount of investment of general partnership companies, limited partnership companies and limited liability companies, or the amount of funds of mutual companies.