

Appendix 2 Explanation of Terms

1. Industrial classification

Industrial classifications are based on the Japan Standard Industrial Classification (revised in October 2013).

"Special intermediate groups of industries" are compiled with groups in the Japan Standard Industrial Classification. (Refer to page 133 and 134.)

2. City groups

All cities are classified as follows.

Population figures used in the classification are based on the results of the 2010 Population Census.

Major cities = Ku - area of Tokyo, Sapporo, Sendai, Saitama, Chiba, Yokohama, Kawasaki, Sagamihara, Niigata, Shizuoka, Hamamatsu, Nagoya, Kyoto, Osaka, Sakai, Kobe, Okayama, Hiroshima, Kitakyushu, Fukuoka.

Medium cities = Cities with 100,000 or more inhabitants. (excl. major cities)

Small cities = Cities with less than 100,000 inhabitants.

Town and villages

3. Districts

Districts are classified as follows.

Hokkaido and Tohoku district Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima prefectures.

Kanto district Tokyo metropolitan area, Ibaraki, Tochigi, Gumma, Saitama, Chiba, Kanagawa, Yamanashi and Nagano prefectures.

Hokuriku district Niigata, Toyama, Ishikawa and Fukui prefectures.

Tokai district Gifu, Shizuoka, Aichi and Mie prefectures.

Kinki district Shiga, Kyoto, Osaka, Hyogo, Nara and Wakayama prefectures .

Chugoku and Shikoku district Tottori, Shimane, Okayama, Hiroshima, Yamaguchi, Tokushima, Kagawa, Ehime and Kochi prefectures.

Kyushu district Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima prefectures.

Okinawa district Okinawa prefecture.

4. Number of establishments tabulated

The number of establishments tabulated indicates the number of establishments used for tabulation among surveyed establishments.

5. Business sentiment

Business sentiment (business conditions, sales conditions, operating profit, inventories of products, commodities and raw materials, cash-flow, and employment status) is in accordance with the view of the business proprietors.

6. Operational status

(1) Sales

Sales accrue when, regardless of when payment was received, commodities or products, etc. were delivered or services provided.

Sales refer to net sales excluding sales allowances and returned goods from sales revenue.

A: Items calculated in sales

- Net proceeds after sales commission is subtracted, when sales of commodities, etc. are consigned to another party.
- Processing fee income, repair fee revenue, consignments-in commission income accrued when sales are consigned.
- Indirect taxes, such as liquor tax on manufacturers and special rural consumption tax in wholesale and retail trade, accommodations and food services and providing services
- Installment payments accrued for installment sales
- Sales prices of scrap products such as waste paper, empty bottles and empty boxes
- Income from tips in wholesale, retail trade, accommodations and food services and providing services

B: Items not calculated in sales

- Receipt of money for selling on credit or credit income
- Sales accrued by sale of commodities etc. on behalf of other parties
- Income by subsidiary business of business proprietor
- Work income of business proprietor
- Family work income, house rent, rentals, interest, dividend, earnings from property accrued by the sale of trade assets

The Sales Quintile Groups for the current period, obtained by dividing total establishments into five groups in ascending order of sales in the current fiscal year. As a result, the five Groups are referred to as Group I, Group II, Group III, Group IV, and Group V in ascending order of sales for the current fiscal year.

(2) Purchases

Purchases are recorded as commodities or raw materials etc. are delivered, regardless of when payment is made.

Purchases refer to net purchases excluding purchase discounts and returned goods from gross purchases.

(3) Cost of sales

Cost of sales refers to the figure obtained by adding current purchases to initial inventories (i.e., commodities, products and raw materials), then subtracting final inventories from this total.

(4) Total operating expenses

A: The total operating expenses refer to the following costs involved in business activities.

Taxes and public impositions (excluding income tax and residence tax, etc.), cost of packing and freight, water, utility bills, transportation and communication expenses, advertising expenses, entertainment expenses, damage insurance premium, repairs, supplies expenses, welfare cost, salaries and wages, cost of subcontracted work, interest and discount expenses, rents for land and dwelling, other rents, and miscellaneous expenses, etc.

Depreciation is excluded from the survey.

B: Salaries and wages refer to wages paid to employees, and estimated material compensation, if provided.

Salaries paid to family workers are not included in salaries and wages.

C: Interest and discount expenses refer to payable interest and discount charges on bills, etc.

(5) Net operating profit

Net operating profit includes salaries of family workers and depreciation.

(6) Investment in plant and machinery

Investment in plant and machinery refers to outlay required to buy buildings with a useful life of a year or more, and costing more than 100,000 yen, (in the case of stores with sleeping quarters, excluding the dwelling section and buildings), appurtenances, vehicles, machinery, tools, equipment, and fittings, as well as the cost of any land purchased or land development.

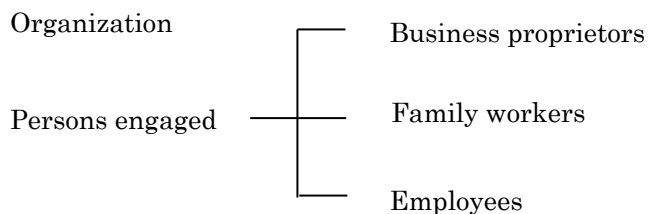
Outlay for second-hand goods is not included.

7. Inventories

In principle, an inventory shall be made at the field site. An inventory is implemented by recording the value of stock in trade, raw materials, products, products in process and semi-finished products, etc. every three months (as of the last day of June, September, December, and March next year respectively).

Methods for calculating inventories include the last cost method, first-in first-out method, last-in first-out method, and the gross average method. Whichever method is used, the same method is to be used for evaluation throughout the survey period (i.e. for one year).

8. Employees



(1) Family workers

Family workers refer to the person(s) who makes living together with the business proprietor, and are engaged in the business.

(2) Employees

Employees include regular employees (persons who are employed regularly) and temporary employees (employees who are employed for a period of less than one month).