

## **Methodological notes**

### **Introduction**

Structural Business Statistics (SBS) in the part of non-financial enterprises provides information for describing the economic processes and development of market activities by years. The methodology of the survey is fully harmonized with the European legislation and ensures comparability of data between all EU member states.

The SBS survey is a census mandatory annual survey, included in the National Statistical Programme and in the 5 year Strategy for Development of the National Statistical System of the Republic of Bulgaria. According to article 20 (1) of the Law on Statistics all units, carrying out economic activity are obligated to participate mandatory to all surveys listed into the National Statistical Programme, including SBS, and to provide the required data to the National Statistical Institute and the Bodies of Statistics.

### **Purpose of the statistical survey**

The purpose of SBS survey is to provide internationally comparable data on the activities of non-financial enterprises. The calculated indicators can be used for economic analysis and forecasts for making business decisions. They are also the basis for the calculation of gross domestic product and national accounts.

### **Observation units**

The basic unit of SBS observation is the **enterprise** which carries out one or more activities at one or more locations and producing goods or services to third parties. The definition of the enterprise meets the requirements of Regulation (EC) No 696/93 on statistical units. Only in the calculation of regional data on SBS the observation unit is the **local unit**, which is a separate autonomous part of the enterprise.

### **Coverage**

The observed population includes all non-financial enterprises, irrespective of their legal form and size, which are carrying out market activities and are classified in Sections B to J, L to N and Division 95 of Section S of NACE.BG-2008, in accordance with the requirements of Regulation (EC) No 295/2008 on SBS.

### **Reference period**

The period of the SBS survey is a financial year which in Bulgaria is equal to a calendar year, called - reference period. The data are elaborated on the base of the submitted annual reports of non-financial enterprises, based on their annual accounts.

### **Classifications used**

'Classification of Economic Activities (NACE.BG-2008)' is used for the compilation of Structural Business Statistics data. The applied coding system fully coincides with the European classification of economic activities - NACE Rev.2.

'National Classification of the Territorial Units for statistical purposes NUTS' since 2007 is used for producing on regional SBS data. It is applied in accordance with the classification NUTS, under Regulation (EC) No 176/2008 as follows:

- NUTS 0 – Country (Bulgaria);

- NUTS 1 – Statistical zones;
- NUTS 2 – Statistical regions;
- NUTS 3 – Districts.

### **Sources for compilation of the data**

The SBS data is collected by using the annual reports of non-financial enterprises for the reference year. These reports are two types – full set and short version, depending on the size of enterprises and the national legislation:

- 'Annual Report of the non-financial enterprises, compiling balance sheet';
- 'Annual Report of the non-financial enterprises, non-compiling balance sheets'.

### **Regulations**

- Regulation (EC) No 1893/2006 - implementation of Nace Rev.2 classification for SBS;
- Regulation (EC) No 295/2008 - general framework of SBS;
- Regulation (EC) No 250/2009 - definitions of characteristics and the technical format for the transmission of SBS data;
- Regulation (EC) No 251/2009 - series for SBS data;
- Regulation (EC) No 275/2010 - criteria for assessing the quality of SBS data.

### **Confidentiality**

According to the Law on Statistics and the European legislation the data are confidential and have to be protected in case of:

- criterion A - one indicator is calculated from 1 or 2 enterprises;
- criterion B - one enterprise forms more than 84.9% of the given indicator.

### **Main economic indicators**

'Number of enterprises' - all non-financial enterprises, which have realised economic activity during the reference period and have submitted their annual reports in National Statistical Institute or National Revenue Agency.

'Turnover' - the value of all revenue from sales of own products, bought and sold in the same condition goods, services provided and raw materials sold, including accrued excise duties, that are invoiced during the reference period. It does not include the amount of revenue from sales of fixed assets, income from financing and also revenue classified as financial or extraordinary. In the turnover value are not included taxes on the type of value added tax (VAT) which are charged to the end user.

'Production value' - the value of turnover, reduced by the balance sheet of assets sold without own fixed assets. It also includes changes in stocks of products and work in progress, and the amount of incurred expenditure for the acquisition of assets by economic means.

'Value added at factor cost' - the production value, reduced by the amount of excise duties and the cost of operating activities, without these of staff and are added the income from financing.

'Purchase of goods and services' - the value of all purchased during the reference period, goods and services intended for production use, resale in the same condition or stock.

'Personnel costs' - the value of all remuneration and insurance contributions of employees payable by the employer during the reference period. It also includes the mandatory and voluntary insurance contributions, paid of employers.

'Wages and salaries' - the value of all remuneration paid to employees on the payroll (including home workers and seasonal) based on time spent and / or output.

'Number of persons employed' - all persons employed working in a given enterprise on full or part time, including seasonal and home workers, working proprietors, employees under contract for management and control, and employees in civil contract only in the company. It does not include those absent for an unlimited time, as well as those provided under contract by other enterprises.

### **Quality of the data**

The high quality of the SBS data is ensured from:

- arithmetic and logical control on the introduced annual reports in the single database;
- additional logical checks of the data in case of large differences between the values of one indicator for two consecutive years;
- comparison with data from other surveys conducted by NSI for example: Short-term surveys, PRODCOM survey and External trade survey.

In accordance with the European legislation concerning the quality assessment, a Quality Report is compiled each year on the following criteria:

'Accuracy and reliability' – the data for calculation of SBS indicators are based on the annual reports of the enterprises and are treated with mandatory and recommended arithmetic and logical checks in the entry of ISBS, which ensures the full consistency and authenticity of the output data;

'Coherence and comparability' – all primary data are logically linked, for each form and between related forms in the annual report of the enterprise. The methodology for calculation of the economic indicators is fully harmonized with European legislation, which ensures comparability of data between all EU member states;

'Accessibility and clarity' - the above mentioned SBS indicators are available to consumers on the NSI website in accordance with the deadlines set in the Release Calendar of statistical surveys. Some key indicators are published in the Statistical Reference Book and Statistical Yearbook and all the rest could be provided upon the request.

### **Main users**

The main users of SBS data are:

- institutions at European level - Eurostat and other Directorates General of the European Commission;
- institutions at national level – the Ministry of economy and other government bodies; the National Bank and other financial institutions;
- scientific institutes, universities, researchers and students;
- private non-profit organisations, agencies, business companies, media;

- other divisions and departments of NSI.

### **Level of harmonization**

The full harmonization with the European legislation has been achieved for SBS data of non-financial enterprises.

### **Priorities**

The main priorities in the future:

- improving the quality of SBS data;
- reducing the response burden and extending the collaboration with other interested governmental institutions and stop collecting the same data from different sources;
- extension of on-line information system Business Statistics (ISBS), including annual reports of all kinds of financial enterprises and non-profit enterprises and using the new advanced methods and tools for data processing by ISBS;
- providing the methodological assistance to respondents in completing the annual reports in ISBS;
- presenting the statistical information in a clear and understandable way for users;
- providing the feedback to the users of statistical information and carrying out the consultation, if necessary.

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