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Meeting of Experts on Business Registers

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Item 4 of the provisional agenda

**GLOBALIZATION AND BUSINESS STATISTICS: EXPERIENCE IN DEVELOPING
ENTERPRISE GROUP DATA, INCLUDING WORK ON MULTINATIONAL
ENTERPRISES (MNES) AND ON PROFILING**

A CHECKLIST FOR BUSINESS PROFILING

Submitted by United Kingdom*

<p>The meeting is organised jointly with the Commission of the European Communities (Eurostat) and the Organisation for Economic Co-operation and Development (OECD)</p>
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* This paper has been uploaded on the Web as submitted by the Office for National Statistics of United Kingdom.

1. Business profiling is the method by which the business register structure for complex enterprise groups is maintained. The UK statistical business register holds business units according the European Union standard:
 - (a) Enterprise groups comprising enterprises;
 - (b) Enterprises comprising single legal units or the smallest group of legal units with a certain degree of autonomy within an enterprise group;
 - (c) Local units operated by enterprises;
 - (d) Legal units defined by the VAT trader, Pay As You Earn (PAYE) employer and company registration systems.
2. Data collection is usually at the enterprise level but the most complex businesses may report for parts separately under the following conditions:
 - (a) The enterprise operates in both Great Britain and Northern Ireland;
 - (b) The enterprise operates in more than one industry and can provide the range of data required for business surveys;
 - (c) The enterprise can provide information more easily, and therefore more quickly and at a lower cost, by providing survey responses for separate parts of the enterprise.
3. The objective of business profiling is to match the reporting ability of the enterprise group with the strict statistical requirements. The result is inevitably a compromise that trades off homogeneity against precision and timeliness of reporting.
4. The Eurostat Workshop on Profiling in Rome (7-8 June 2006) concluded that there was a need improve comparability at the EU level. Profiling was at differing stages of development within national statistical offices, with some have a fully operational programme and others yet to move beyond business registers based only on the legal unit.
5. The Australian Bureau of Statistics (ABS) had developed a questionnaire approach to obtain information on business structures that could provide a basis for a questionnaire or checklist for use within EU Member States. The UK Office for National Statistics has an extensive profiling programme based on visits, telephone calls and desk research. Following the Rome workshop, ONS looked at the ABS questionnaire and considered its applicability to its own profiling work.
6. The result was a checklist, on which Slovenia and Switzerland commented, that was presented at the Eurostat Working Group on Business Registers and Statistical Units on 1 December 2006. Since then ONS has adapted the checklist for its regular business profiling, recognising the specific features of the UK statistical business register. The principle adopted in developing the checklist was to minimise the data collected, limiting both the cost to government and the compliance cost to businesses.
7. The resulting checklist is in the form of a spreadsheet that can be populated automatically from the business register and can be completed through interactive contact with the business. The precise format of the checklist will depend on the administrative systems within the country. The format used to collect the data will depend on the computing systems within the statistical office.

8. The checklist is in four parts representing the structure of an enterprise group. Profiling of an enterprise group will be limited to the truncated enterprise group, which is the national part of a global enterprise group. The terms enterprise group, legal unit, enterprise and local unit are those within the EU Statistical Units Regulation.

9. The term “operating unit” refers to a part of an enterprise that forms a distinct accounting unit within an enterprise. In the UK, this is also the “reporting unit” for surveys. While in most cases the operating unit will equate to the enterprise itself, in the more complex enterprise groups it may equate to an operating division that does not itself have a legal basis but nevertheless maintains operating accounts.

10. **Enterprise Group:** Profiling starts at the truncated (national) enterprise group level. If the business register does not yet hold information on enterprise groups, identification of a legal unit that requires profiling will identify the group within which it operates.

11. The data collected are:

- (a) Enterprise group domestic parent name, number and website;
- (b) Type of profile (desk/ telephone/ visit);
- (c) Sources used;
- (d) Name of contact in group, address, telephone number and position of contact;
- (e) Profiling officer and start and end dates of profile;
- (f) Ultimate Holding Company (Global) Name and number;
- (g) Immediate Holding Company Name and number;
- (h) Financial year end for the group operating within the national territory;
- (i) Total persons employed within the national territory;
- (j) Unincorporated Joint Ventures within the UK in which the group is involved;
- (k) If group government owned or controlled;
- (l) If the group has any foreign subsidiary or branch;
- (m) If the group carried out any international trade in services in the last financial year.

12. **Legal Unit:** This information will be held on all business registers. The primary national identifier will be from the company registration system. There may be secondary legal unit identification numbers. For example, the UK has VAT trader and PAYE employer identifiers that it would append to the checklist.

13. The data collected are:

- (a) National ID and legal name;
- (b) Whether operating, dormant, ceased or sold;
- (c) If ceased or sold and estimate of date and the name and ID of the purchasing legal entity;
- (d) Description of main activity and its industry code;
- (e) If a special purpose entity (SPE);
- (f) National ID of immediate owner;

- (g) Enterprise ID.

14. **Operating Unit:** This is the operational structure that the business operates that is closest to the structure needed by the national statistical office. It is the level at which management information is available and will often equate to a legal unit or an enterprise. It will always be an enterprise or part of a single enterprise.

15. The data collected are:

- (a) Operating unit reference and trading name and contact address (the operating reference will usually be assigned by the statistical office);
- (b) National ID within which this operates wholly;
- (c) Description of main activity and its industry code;
- (d) Indication that it is ancillary activity;
- (e) Total persons employed;
- (f) Number of local units;
- (g) Turnover in national currency;
- (h) Whether it can supply monthly, quarterly or annual data;
- (i) The enterprise within which it operates.

16. **Local Unit:** Operational units will be defined in terms of their local units. To some extent the inclusion of local units or attributes of the local units within profiling is optional; the ABS does not include them.

17. The data collected are:

- (a) Local unit reference and trading name and address;
- (b) Description of main activity and its industry code;
- (c) Indication that it is ancillary activity;
- (d) Total persons employed;
- (e) Operating unit reference.

18. The following concepts are used:

- (a) **Unincorporated Joint Venture (UJV)** is defined as a contractual association, other than a partnership or a trust, between two or more parties to undertake a specific business project. Parties to a UJV meet the costs of the project and receive a share of the resulting output rather than a share of the profits.
- (b) **Joint-Venture:** An association of two or more individuals or businesses generally formed to carry out for profit, a single temporary business transaction. The legal responsibility compares to a partnership.
- (c) **Government control** refers to the government's ability to influence the operations of an entity in a way which is more effective and direct than the exercise of general legislative or regulatory powers over the electorate at large.

Effective control can be exercised through majority ownership of voting shares, through specific legislation or by way of a particular administrative arrangement.

- (d) **Trade in services** refers to trade in products other than tangible goods. Including Professional, technical, computing and information services Insurance (own asset risk placed directly abroad) Communication services Research and development services Management fees.
- (e) **Description of main activity:** Activity from which this Business Unit derives its main income (e.g. footwear manufacturing, furniture retailing, environmental consulting services.).
- (f) **Ancillary Unit:** derives all of its income by selling services to businesses within the enterprise group.
- (g) **Special purpose entities (SPEs) are:** (1) generally organised or established in economies other than those in which the parent companies are resident; and (2) engaged primarily in international transactions but in few or no local operations. SPEs are defined either by their structure (e.g., financing subsidiary, holding company, base company, regional headquarters), or their purpose (e.g., sale and regional administration, management of foreign exchange risk, facilitation of financing of investment).

19. The checklist is reproduced in the annex to this paper. ONS has used the checklist for the past two months. It has been shown to improve communication with businesses.

Business Profiling Checklist

Part 1: Enterprise Group

Case number	
Truncated enterprise group name	
Truncated enterprise group number	
Immediate parent name	
Immediate parent country and number	
Global ultimate name	
Global ultimate country and number	
Website of truncated enterprise group	
Type of profile (desk/ telephone/ visit)	
Sources used	
Name of contact in group	
Telephone number	
Position of contact	
Profiling officer	
Start date of profile	
Completion date of profile	
Financial year end for the group operating within [UK]	
Total [UK] Employment:	
Please list any Unincorporated Joint Ventures within [UK] in which this group is involved	
Is this group government owned or controlled?	
Does this group have any foreign subsidiaries or branches?	
Did this group carry out any international trade in services in the last financial year?	
Does this group provide electronic returns?	

Unincorporated Joint Venture (UJV) is defined as a contractual association, other than a partnership or a trust, between two or more parties to undertake a specific business project. Parties to a UJV meet the costs of the project and receive a share of the resulting output rather than a share of the profits.

Joint-Venture. An association of two or more individuals or businesses generally formed to carry out for profit, a single temporary business transaction. The legal responsibility compares to a partnership.

Government control refers to the government's ability to influence the operations of an entity in a way which is more effective and direct than the exercise of general legislative or regulatory powers over the electorate at large. Effective control can be exercised through majority ownership of voting shares, through specific legislation or by way of a particular administrative arrangement.

Trade in services refers to trade in products other than tangible goods. Including Professional, technical, computing and information services Insurance (own asset risk placed directly abroad) Communication services Research and development services Management fees

Please check existing information and add other legal units controlled by the domestic parent legal unit

Please check existing information and add other legal units controlled by the domestic parent legal unit

[illegible]

Description of main activity: Activity from which this Business Unit derives its main income (e.g. footwear manufacturing, furniture retailing, environmental consulting services.)

Special purpose entities (SPEs) are: (1) generally organised or established in economies other than those in which the parent companies are resident; and (2) engaged primarily in international transactions but in few or no local operations. SPEs are defined either by their structure (e.g., financing subsidiary, holding company, base company, regional headquarters), or their purpose (e.g., sale and regional administration, management of foreign exchange risk, facilitation of financing of investment).

Please complete for each operating unit (units for which a separate and specific set of management accounts are prepared) within the domestic enterprise group

Please complete for each operating unit (units for which a separate and specific set of management accounts are prepared) within the domestic enterprise group

[illegible]

Description of main activity: Activity from which this Business Unit derives its main income (e.g. footwear manufacturing, furniture retailing, environmental consulting services.)

Ancillary Unit derives all of its income by selling services to businesses within the enterprise group

Current survey selections

Current survey selections

[illegible]

Please complete for each local unit within each operating unit.

[illegible]

Description of main activity: Activity from which this Business Unit derives its main income (e.g. footwear manufacturing, furniture retailing, environmental consulting services.)

Ancillary Unit: derives all of its income by selling services to businesses within the enterprise group