I. METHODOLOGICAL INTRODUCTION

The publication "Economic Results of the Industry of the CR in 2005 to 2009" presents results obtained by the processing of an annual structural statistical survey taken in enterprises with prevailing industrial activities.

***An industrial branch** (hereinafter referred to as the industry only) is a grouping of enterprises, which produce manufactured goods of similar economic destination from the same or similar kinds of materials and supplies or the same technological procedures. The industry includes industrial activities of the whole enterprise. Where the enterprise manufactures goods falling under several industries (industrial branches), it is allocated to that industry, which prevails in quantity.*

CLASSIFICATION OF INDICATORS

*The statistical **classification of economic activities (CZ-NACE)**, in force since 1 January 2008, breaks the industry into four sections: (i) Mining and quarrying, (ii) Manufacturing, (iii) Electricity, gas, steam and air conditioning supply, gas and water supply and (iv) Water supply; sewerage, waste management and remediation activities, broken further down into 25 subsections.*

CONTENTS OF THE SURVEY

***The basic reporting unit of statistics** on industry is the enterprise - i.e. a legal person or a natural person in the position of entrepreneur. The enterprises are divided into two groups, irrespective of their prevailing activity:*

- *natural persons in business under the Trade Licensing Act (and similar regulations)*
- *legal persons in business under the Commercial Act – i.e. trade companies and partnerships (which also include incorporated natural persons).*

As these two groups use different accounting systems, as laid down in regulations, adjustments had to be made to their questionnaires accordingly.

***Unincorporated natural persons**, irrespective of the number of employees, are sent the P 4-01 questionnaire.*

***Legal persons** and incorporated natural persons (using double-entry accounting as dictated by the law) are sent the P 5-01 questionnaire.*

METHODOLOGY OF INDICATORS

***Average number of active enterprises** is the number of enterprises, which were active at least for a part of year. The given numbers are numbers from the survey, grossed up to the basic population of enterprises. The grossing-up takes account of identified activities of the enterprises included in the sample and the activities are assumed to be the same in the basic population. The basic population is generated from the Business Register, which also includes extinct and dormant enterprises as well as enterprises whose activities are not known.*

***Number of persons employed** includes employees, active entrepreneurs (working proprietors of companies and cooperating family members, for whom the work in the company is the main economic activity) and other paid or unpaid stuff without contract of employment.*

Average registered number of employees *(in actual persons) is calculated as the arithmetic average of the average number of employees in individual months. It covers all categories of permanent, temporary and seasonal employees, who have contracts of employment with and receive wages for work from their employers.*

Average number of persons employed per enterprise *is the ratio of the registered number of employees to the average number of active enterprises.*

Values of assets, liabilities and components *thereof refer to end-of-calendar-year balances on balance sheets. For natural persons using single-entry accounting, they refer to the values of individual components of assets and liabilities as at the end of calendar year. Definitions of the indicators correspond to the chart of accounts for entrepreneurs.*

Acquisition of total fixed assets *is a sum of gross acquisition of tangible and intangible fixed assets.*

Acquisition of tangible fixed assets *- unlike the definitions laid down in accounting regulations, the indicator is free of the value of land, subsoil deposits or leasing-acquired investments.*

Acquisition of intangible fixed assets *includes acquisition costs, intangible results of R&D and similar activities, software expenses, and valuable rights (such as know-how, licences, objects of industrial rights, and other results of intellectual activities).*

Total revenues *include revenues from sales of own goods and services and of merchandise, changes in the stocks of own production, capitalization, other operating revenues, financial revenues, extraordinary revenues, accounting for reserves and adjustments to operating and financial revenues, and transfer of operating and financial revenues. Revenues of natural persons are obtained as the sum of revenues from sales of own goods, services, merchandise (goods for resale), other revenues and closing adjustments to revenues.*

Turnover *refers to the sum of turnover (revenues) from own goods and services and turnover (revenues) from merchandise.*

Turnover (revenues) from own goods and services *are revenues from sales of own tangible and intangible production to external users.*

Turnover (revenues) from merchandise refers to revenues from sales *of products purchased for the purpose of resale in the same condition as received.*

Total expenses *are accrual-based operating, financial and extraordinary expenses over the period under observation. They include expenses on consumed purchases, goods sold, and services, personnel costs, taxes and fees, other operating expenses, financial expenses, extraordinary expenses, depreciation, reserves and adjustments to operating expenses, reserves and financial expenses, income taxes on ordinary income, income taxes on extraordinary income, transfer of profit/loss to partners, transfer of operating and financial expenses. For natural persons, total expenses are the sum of expenses on purchases of material, goods, wages and insurance premiums (social and health insurance), overheads, and closing adjustments to expenses.*

Personnel costs *include all benefits of employees, persons working under contracts for work or of service, including income of partners and members of cooperatives from employment, remuneration to board members, and expenses on statutory and other social insurance. In the system of double-entry accounting, they are the difference between the turnovers of double and credit sides of Account Group 52 – Personnel costs. They also include payments in kind, provided they are part of wages. In the single-entry accounting system, they are the sum of expenses on wages and social and health insurance payments.*

Wages and salaries *refer to payments to employees having contracts of employment with their employers. They exclude payments resulting from contracts for work and contracts of services and remuneration of board members – i.e. payments to persons not included in the number of employees.*

Average monthly wage *(nominal) per employee is the ratio of wages and salaries to average registered number of employees divided by twelve.*

After tax economic result *is the difference between total revenues and total expenses. It is either positive (profit) or negative (loss).*

Production *value is the sum of turnover (revenues) from sales of own goods, services, merchandise, changes in the stock of finished products and work in progress, and capitalization minus expenses on merchandise sold.*

Production consumption *is the sum of expenses on consumed purchases of material, energy and other deliveries that cannot be stored.*

Book value added *is the difference between production value and production consumption.*

Margin *is the difference between turnover (revenues) from sales of goods and expenses on merchandise sold (i.e. on goods sold in the same condition as received).*

Book value added per employee *(CZK in thousands) is the ratio of book value added to the number of employees (in full-time equivalent).*

Return on assets, ROA*, (%) is the ratio of after-tax profit/loss to assets in total.*

Return on equity, ROE*, (%) is the ratio of after-tax profit/loss to equity.*

Return on sales, ROS *(%) (return on turnover) is the ratio of after-tax profit/loss to sum of turnover (revenues) from sales of own goods, services and merchandise.*

Return on costs *(%) is the ratio of after-tax profit/loss to total costs.*

Expense-to-revenue ratio *(%) is the ratio of total expenses to total revenues.*

Inventories turnover time *(days) is the ratio of inventories to turnover divided by the number of calendar days (365). It shows the time over which the stock of inventories would be sufficient.*

NOTE

The indicators shown in the publication are contained in both types of statistical questionnaires. The sample is grossed up to the basic population of ***active enterprises****.*

The year-on-year indices are calculated using current prices.

Financial data in the tables are given in millions of CZK. The calculations used source data in CZK or thousands of CZK. Differences between calculated and summed up data, if any, may be due to rounding off.

If the data released here are compared with data derived from other surveys with different periodicity (monthly or quarterly), they will differ in value even if the indicators are identical in terms of methodology. Differences are attributed to the state of the register on the day of generating samples for the survey (i.e. due to different samples), to the system used to gross up the results to the basic population, and, where annual data are concerned, to statement-of-accounts operations. These operations are reflected in neither monthly nor quarterly data, as the calendar year was the accounting period.