

EXPLANATORY NOTES:

A company is the smallest unit with its own balance sheet and profit and loss account. In terms of the National Accounts a company consists of one or more establishments on the same island. For this purpose, foreign branches (also branches on the other islands of the former Netherlands Antilles) are considered third parties.

Attention: The amounts on the questionnaire must be entered in thousands of guilders and rounded correctly. An amount of NAf 5,000.00 should be rounded to 5; NAf 5,499.00 should also be rounded to 5. NAf 5,500.00 should be rounded to 6.

- 3 The purpose of this question is to get an insight at the level of Foreign Direct Investment (FDI). FDI is an investment of an individual or entity in a foreign country (not the country of residence), designed to acquire control or substantial influence over the decision making of the business.
- 4 The main activity is the activity which generates the largest revenue, or in which the largest number of employees is engaged. The first criterion is preferred. The main activity will be given a code by the CBS.
- 9 Paid personnel include all personnel **on the payroll** (loonstaten) of the months under study, **including personnel working less than 25 hours a week**. Part time workers on the payroll, who are stated at question 10, should also be included in the totals at question 9. Important note: temporary staff (temporary workers, casual workers, consultants etc.) should not be included here. The costs of temporary staff should be entered at question 24.
- 10 Part-time workers on the payroll, mentioned here, should be included in the totals at question 9. The figure at question 10 cannot be higher than the figure at question 9.
- 11 Non-paid personnel: proprietors and family members working in the company who are not on the payroll. These don't include casual laborers cleaning the office or the garden, etc.
- 12 The average number of personnel preferably should be calculated as the average over the 12 months of the financial year. Non-paid personnel should be included in this average.
- 13 Mention **only** subsidies from the Government. Do not include the subsidies at the total income at question 18.

Completion of questions 14 thru 17 depends on the main activity of the company:

- 14 Only state production of goods manufactured by the firm **itself**. Sales of goods purchased from third parties for resale should be filled out at question 15.
- 15 Commercial activities are sales of goods **not** manufactured by this company (net of sales discounts). Deposits on bottles and crates received when selling beverages should not be included in total sales. Cash sales, credit sales and sales on hire purchase should be included here.

- 16 Turnover from hotels, restaurants or bars can be given here. Also turnover from catering and snacks should be mentioned here.
- 17 Services rendered are for example services from transport services, radio and television broadcasters, accountants, lawyers, car rentals, medical practitioners and institutes, beauty parlors, cleaning companies, diving centers etc.
- 19 Wages and salaries should **not** be included under cost of sales. The costs of own personnel should be mentioned at questions 22 and 23, whereas work from third parties should be provided under other operational costs (question 24).

The costs of sales for trade firms include the purchases of merchandise and for manufacturing firms the purchases of raw and auxiliary materials. Raw materials are all materials that are used up in the production process.

To determine the purchase value of raw materials and merchandise, use the invoice amounts. Include: the cost of clearing the goods, import duties (if imported directly by the company), freight costs, temporary storage charges charged by third parties, premiums for transportation insurance, and the cost of disposable packing materials. Deduct: cash discounts and special rebates obtained.

- 21 Mention only the depreciation on tangible fixed assets, **not** the depreciation on goodwill or inventories for example.
- 22 Only basic salaries of the company's personnel should be included. Payments to third parties (contractors, employment agencies, etc.) should be included in question 24 (other operational costs). Income of owners should only be included if it is on the payroll. Deduct the sickness benefits which have been received from the social security bank (SVB). Do not include wage costs pertaining to investments on own account. These should be stated at question 52.
Other personnel expenses cover overtime pay, staff bonuses, gratuities, dearness and holiday allowances, value of wages in kind (free lodging, free meals, transportation), social events and commissions to own sales staff. Distribution of profits to directors and other personnel should also be mentioned here. Expenses for training and professional working clothes are **not** personnel expenses, these expenses fall under other operational costs (question 24).
- 23 Social security contributions include the **employers** part of premiums paid to the SVB (AOV/AWW and sickness insurance), and other private insurances paid on behalf of the personnel (e.g. pension premiums and private sickness insurances). Include severance payments (cessantia) if these were paid out directly to the employee.
- 24 Other operational costs include **all other** non-durable goods and services purchased from third parties, such as rental costs, telephone and electricity costs, hired personnel and other hired services. Donations to provisions (e.g. dubious debtors) or other extraordinary expenses, like differences in price etc. are excluded. Extraordinary, non-operational costs, should be filled out at question 30.
- 28 Other financial income and expenses concerns costs such as difference in prices, bank costs and such.

- 29 Look at the notes to questions 44 through 50, concerning the disposals, for the amount that needs to be filled in at this question. It concerns the difference between the proceeds and the book value, which can be a negative or a positive amount.
- 30 Other extraordinary income and expenses include costs such as damages, donations to or release of provisions and such-like.
- 32 If there is a financial statement, this amount should be equal to the amount of profit before taxes or loss on the financial statement.
- 37 The book value should be given here, i.e. acquisition minus the accumulated depreciation

38 through 41

State inventories "net"; after provisions for unmarketable inventories.

Construction companies should also report work in progress at question 39. Hotels, restaurants and bars should state their inventories at question 40 (raw and auxiliary materials for production).

- 43 Total assets on the balance sheet are the combined possessions on the balance date. This is **not** equal to the sum of questions 37 and 42.

Use the depreciation schedule to answer the questions about investments and disposals

44 through 50

Investments in tangible fixed assets include the purchase value of all durable means of production (capital goods) purchased during the financial year.

Durable means of production are goods which have an expected life of more than 1 year. Capital goods that are leased by way of an operational lease should not be included here. Investments should also include the cost of installations, architect costs, notary and other transfer costs, cost of permanent fixture in buildings, as well as expenses for capital repairs.

Funds invested during the fiscal year in construction projects which have not yet been delivered should also be included.

Do ***not*** include: investments in foreign branches (or other islands of the former Netherlands Antilles), take-over of existing firms which will continue their operations unchanged, and investments in intangible assets like goodwill, copyright and patents, also no portfolio investments.

Other construction and groundwork includes non-commercial buildings, such as dwellings, association buildings, sports facilities, construction of parking lots and asphaltting.

In the column for **Disposals** the total proceeds (sales value) from sales of tangible fixed assets that were in use by the company should be stated. Differences between proceeds of the sale and book value of the capital goods sold should be mentioned at question 29.

51 Investments produced or installed on own account include the manufacturing, construction and/or installation of fixed assets (buildings, machinery, installations, etc.) for the company's use (not for sales purposes). In this case, all goods and services obtained from third parties should be deducted. The remaining part of the investments on own account consists of two parts: labor costs of own personnel and overhead costs. This subdivision should be given at the questions 52 and 53.

54 Recently, the **costs of research and development (R&D)** have been included in the **investments**. R&D is creative work undertaken on a systematic (regular) basis for the purpose of discovering or developing new products, improving existing products or discovering or developing new or more efficient processes of production (innovation). R&D is treated as gross fixed capital formation (investment) when it is obvious that the activity entails economic benefit for its owner. Otherwise, the activities are treated as intermediate consumption (question 21 through 24).

Examples of R&D

- Production companies (agriculture, fishing, mining, manufacturing, electricity, gas, water, waste management, construction): research into new production methods.
- Software-related activities: the effort to resolve conflicts within hardware or software; the development of business application software and information systems.
- Banking and insurance: the development of new software for online banking; the development of techniques for investigating consumer behavior for the purpose of creating new types of accounts and banking services; research on social phenomena with an impact on new types of insurance (health, retirement, etc.); R&D related to new or significantly improved financial services (new concepts for accounts, loans, insurance and saving instruments).
- Other services: analysis of the effects of economic and social change on consumption and leisure activities; the development of new methods for measuring consumer expectations and preferences; research into new travel and holiday concepts.

How to value R&D:

- R&D undertaken by specialized commercial research laboratories or institutes should be valued by receipts from sales, contracts, commissions, fees, etc.;
- R&D undertaken by government units, universities, non-profit research institutes, etc. should be valued on the basis of the total costs incurred.
- If R&D is undertaken on your own behalf, the value should be estimated as if subcontracted commercially or on the basis of the total production costs including the costs of fixed assets used in production.