

## Objective

The data presented in this report were compiled from the results of the Survey of Services, 2009. The objective of the survey was to gather information on the services sector for studying the structure and performance of various activities in the sector. The data are also used for the compilation of national accounts, input-output tables and other related studies. In addition, the results are used by policy makers, economic planners, academicians, the business community and other interested users in their work.

## Legal Authority

The survey is conducted under the Statistics Act (Chapter 317), which makes the submission of returns mandatory. Individual returns received are kept in confidence in accordance with the Statistics Act.

## Scope and Coverage

The coverage included all establishments and statutory boards engaged in wholesale trade, retail trade, transport & storage, accommodation services, food & beverage services, information & communications services, business services and recreation, community & personal services. Establishments engaged in financial and insurance services were excluded. Please refer to Appendix II for the list of activities covered. Government ministries and departments, foreign missions, taxi drivers, independent artistes and other individual self-employed persons not normally regarded as establishments were outside the scope of the survey. Hawkers and stall-holders which were not registered with the Accounting & Corporate Regulatory Authority (ACRA) were also excluded for practical reasons.

## Sample Selection

The sampling frame is based on the list of 'live' establishments obtained from the Department's establishment database. The database is updated regularly using information obtained from administrative and survey sources.

The sampling method for the survey was based on stratified random sampling. All establishments in the sampling frame were first stratified by activity and within each activity, establishments were stratified by operating receipts into three size strata (large, medium and small). All establishments in the large size stratum were selected with certainty whereas the firms in the medium and small size strata were selected using simple random sampling without replacement. The Lavallée and Hidioglou method was used to determine the size stratum boundaries and sample sizes that minimize the total sample size required to achieve the target level of precision of estimation.

## Data Collection

The survey was primarily conducted by mail inquiry. Respondents were given a month to complete and submit their returns. A reminder was sent to establishments which failed to respond without reasonable explanations. A second reminder was sent to establishments which did not respond to the first reminder.

A generalised survey system was used in the survey. The system supports multiple modes of data collection via mail and internet. Secured transmission of statistical information via the internet was enabled through a service known as E-Survey. Queries or clarifications with respondents on omissions and inconsistencies were conducted through telephone or email.

## Response

The mailing list for the survey comprised 24,099 establishments. At the close of the survey, 4,817 establishments were excluded from the survey for one reason or another. Such cases included those that were dormant, untraceable or had not started business operations yet. Some had ceased operations or were engaged in activities that were outside the coverage of the survey. For final tabulation and analysis, returns from 19,282 establishments were used.

## Data Processing

The Department captured the data of completed returns received via mail using either Intelligent Character Recognition (ICR) scanning or conventional data entry. For completed forms that were suitable for ICR-scanning, data were automatically recognised and verified before being captured into the database. Data entry was then used to capture data for the remaining forms that could not be scanned. Data submitted via internet were captured directly into the database. All data of completed returns were first manually scrutinised and edited before they were coded and processed by computer. The data were then computer-edited for code validity, completeness and consistency in order to detect the less obvious errors and inconsistencies that had escaped manual detection or had occurred during the data entry phase. The erroneous data were amended and re-processed. Tabulation was carried out only after all records had passed the computer editing.

## Estimation Method

Stratified (Horvitz-Thompson) estimator was used to estimate the population totals. For non-response cases, imputation was performed.

### **Enumeration Unit**

The enumeration or reporting unit used in the survey is the 'establishment'. An establishment is defined as a business or organisation unit engaged in one activity and operating in a single location. Thus, for a multi-activity firm or organisation, units engaged in separate activities in the same location constitute distinct establishments. Similarly, each branch of a multi-branch organisation at a different location is conceptually a different establishment.

### **Year of Reference**

The period of reference is the calendar year 2009. However, for establishments whose accounting year differed from the calendar year, they were asked to report according to the accounting or financial year covering the major part of 2009.

### **Type of Business Activity**

Type of business activity refers to the principal activity undertaken by the establishment. The principal activity is defined as the one in which the establishment devotes most of its resources or from which it derives most of its income. The classification of the principal activity of the establishment is based on the "Singapore Standard Industrial Classification, 2010".

### **Type of Legal Organisation**

The type of legal organisation refers to that of the enterprise rather than the establishment which is a statistical unit and not a legal entity. In a multi-establishment or multi-branch organisation, the legal status of each establishment or branch follows that of the enterprise or its head office. The types of legal organisation include sole-proprietorship, partnership, private limited company, limited liability partnership, society and others.

## **DEFINITION OF TERMS**

**Area of Premises** This refers to the area occupied by the establishment for business purposes only. It did not include the area of open spaces, car parks, staff accommodation and unoccupied premises.

**Capital Expenditure** This refers to purchases of fixed assets and cost of alteration and major repairs to fixed assets during the year.

<b>Cost of Purchases Sold</b>	This refers to total purchases of goods for resale adjusted for changes in stocks. This is primarily applicable to industries engaged in wholesale and retail trade, accommodation services and food and beverage services.
<b>Depreciation</b>	This refers to the value, at current replacement cost, of reproducible fixed assets such as buildings, plants and machinery used during a period of time as a result of normal wear and tear, foreseen obsolescence and the normal rate of accidental damage.
<b>Earnings-Expenditure Ratio</b>	This is defined as the ratio of operating surplus to operating expenditure.
<b>Employment</b>	<p>Employment covers all persons engaged by the establishment as at 30 June 2009 or date nearest to it if the establishment was not in operation on that day. It includes those temporarily away on leave. For water and air transport firms operating vessels and aircraft respectively, crew on board vessels and aircraft are also included. Persons engaged are classified under the following categories –</p> <p><i>(i) Paid Employees</i></p> <p>Paid employees refer to workers on the payroll of the establishment and they include those on fixed remuneration, piece rate, and commission, as well as those engaged on contract and paid directly by the establishment. Paid employees are further categorised into full-time and part-time on the basis of whether or not they work more than 30 hours in a normal week.</p> <p><i>(ii) Working Directors</i></p> <p>Working directors refer to those who are actively engaged in running the business of the establishment.</p> <p><i>(iii) Working Proprietors/Partners</i></p> <p>Working proprietors or partners refer only to those who are actively engaged in running the business of the establishment.</p> <p><i>(iv) Unpaid Family Workers</i></p> <p>Unpaid family workers refer to relatives of proprietors or partners, who work in the establishment without receiving a fixed amount of remuneration.</p>

**Expenditure** This item refers to the amount paid and payable for the purchase of goods and services during the reference year except capital expenditure. It comprises two broad components - operating and other expenditure.

*(i) Operating Expenditure*

This refers to all current expenditure (except capital expenditure) incurred by the establishment in its business, with adjustment for changes in stocks. It includes remuneration, purchases, indirect taxes, work given out, rental and maintenance of machinery and equipment, legal, accounting and other professional services, rental and maintenance of premises, depreciation, transport and travelling, utilities, advertisement, entertainment, stationery and printing, postage and telecommunications, fuel and lubricants, cargo handling expenses, port charges, charter fees and other general expenses that are connected with the establishment's operation. For local branches of foreign airlines and foreign shipping lines, operating expenditure refers only to expenses incurred by the branch offices in providing support services to their head offices (ie foreign airlines and foreign shipping lines) and expenses paid by them on behalf of their head offices.

*(ii) Other expenditure*

This comprises non-operating expenditure such as bad debts written off, donations, fines, forfeitures, losses on sale of fixed assets and interest paid.

**Fixed Assets** Fixed assets refer to all physical assets owned by the establishment. They include land, building & structure; transport equipment; telecommunications equipment; computers & peripheral equipment; other machinery & equipment and furniture & fittings. Value of fixed assets as at beginning and end of 2009 was based on net book value. Purchases, alterations and major repairs or "capital expenditure" during the year are valued at actual costs incurred. Value of assets sold during the year refers to their book value and not the amount realised.

**Gross Receipts** Gross receipts covers both the amount received and receivable for services rendered and other transactions made during the reference year. It comprises two broad components - operating and other receipts.

*(i) Operating Receipts*

This refers to income earned from business operations, i.e. income from services rendered, sale of goods, commission fees and rental of premises,

machinery and equipment. For local branches of foreign airlines and foreign shipping lines, operating receipts refers to the reimbursement from their head offices for the operating expenditure they incurred.

*(ii) Other Receipts*

This comprises non-operating income such as gains from sale of fixed assets, donations, grants/subsidies, subscriptions, interest, dividends, and other investment income.

**Operating Surplus**

This refers to the amount of operating receipts less operating expenditure (current and development) plus depreciation of fixed assets. For non-profit organizations (i.e. entities which cannot distribute any surplus made to their shareholders) which mainly rely on funds (such as grants and donations) other than receipts from sales of goods and services rendered to cover their operating expenditure, operating surplus refers only to depreciation of fixed assets.

**Profitability Ratio**

Defined as the ratio of operating surplus to operating receipts. It shows the proportion of operating receipts that is converted to profits.

**Remuneration**

Total remuneration comprises three components, namely, wages and salaries, employers' contribution to Central Provident Fund (CPF)/pension funds and other benefits. These are reported separately for each category of persons engaged.

*(i) Wages and Salaries*

This refers to gross emoluments paid to employees during 2009, inclusive of commissions, bonuses, overtime pay and allowances before deduction of employees' contribution to CPF or any other deduction. For proprietors or partners, the item refers to amount paid to or withdrawn by them during the year. However, this amount is not included in the analysis and tables of the report.

*(ii) Employers' Contribution to CPF/Pension Funds*

This refers to the net amount contributed by employers towards their employees' CPF/pension funds. It does not include the amount paid to retired employees under company pension scheme.

*(iii) Other Benefits*

This comprises medical benefits, cost of food, accommodation and other benefits in kind provided by employers. Allowances given to unpaid family workers are also included here.

*(iv) Directors' Fee*

This item refers only to the amount paid to directors for attending board of directors' meetings. It does not include the fees paid to directors who are actively engaged in running the establishment.

**Stocks**

This item refers to the book value of stocks owned by the establishment and comprises merchandise, raw materials, parts and accessories for rendering services to others.

**Value Added (At Basic Price)**

This comprises the value of operating surplus, remuneration and taxes (and subsidies) on production. The impact of taxes including Goods & Services Tax (and subsidies) on products is removed.