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(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 696/93

of 15 March 1993

on the statistical units for the observation and analysis of the production system in the Community

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 100a thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

In cooperation with the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Whereas the functioning of the internal market requires statistical standards applicable to the identification of units and the collection, transmission and publication of national and Community statistics in order to make reliable and comparable information available to enterprises, financial institutions, governments and all other operators in the internal market;

Whereas statistical information on the production system will be necessary to enterprises for assessing their competitiveness and be useful to the Community institutions in the prevention of distortion of competition;

Whereas in accordance with the principle of subsidiarity the creation of common statistical norms that permit the production of harmonized data is an action which can only be undertaken efficiently at Community level and whereas those norms will be applied in each Member State under the authority of the bodies and institutions in charge of compiling official statistics;

Whereas only if the Member States use common definitions of statistical units will it be possible to provide integrated statistical information with the reliability, speed, flexibility and degree of detail required for the management of the internal market;

Whereas provision should be made for the Member States to be able, in order to meet specific requirements, to retain or introduce other statistical units in their national nomenclatures for the observation and analysis of the production system;

Whereas the choice of statistical units to be used in particular enquiries or analyses will be determined in specific texts;

Whereas utilization of the statistical classification of economic activities in the European Communities hereafter referred to as NACE Rev. 1 provided for in Regulation (EEC) No 3037/90 ⁽⁴⁾ and application of the European System of Integrated Economic Accounts (ESA) require standard definitions of statistical units for registers, surveys and the presentation and analysis of statistics;

Whereas the Committee set up by Regulation (EEC) No 3037/90 is competent for the 'elaboration of guidelines for classifying statistical units in accordance with NACE Rev. 1' but the units must be defined elsewhere;

Whereas it is vital that the statistical units classified according to the NACE Rev. 1 be defined in the same way in all Member States in order to ensure comparability between the corresponding national and Community statistics;

Whereas it is desirable to limit the number of statistical units used for the production system;

⁽¹⁾ OJ No C 267, 16. 10. 1992, p. 3.

⁽²⁾ OJ No C 337, 21. 12. 1992; and Decision of 10 February 1993 (not yet published in the Official Journal).

⁽³⁾ OJ No C 19, 25. 1. 1993, p. 60.

⁽⁴⁾ OJ No L 293, 24. 10. 1990, p. 1.

Whereas the international comparability of economic statistics requires that the Member States and the Community institutions use statistical units which are directly linked to the descriptions given in the introduction to the United Nations International Standard Industrial Classification (ISIC REV 3) and the United Nations System of National Accounts documents;

Whereas the production system is made up of all entities involved in production and all economic and financial operations carried out by those entities;

Whereas the introduction of strict application of these units throughout the Community requires a transitional period,

HAS ADOPTED THIS REGULATION:

Article 1

A list of statistical units (hereinafter referred to as 'statistical units of the production system') as set out in the Annex hereto together with the criteria used, the definitions of the units and explanatory notes is hereby established.

Article 2

The definitions of the statistical units of the production system shall be used by the Member States and the Commission to identify the units with a view to collecting, transmitting, publishing and analysing statistical data on the production system, particularly those connected with NACE Rev. 1.

Article 3

From 1 January 1994, for the objectives referred to in Article 2, Member States shall use the definitions referred to in Article 1 for statistics relating to situations subsequent to that date.

Article 4

1. During a transitional period running from 1 January 1994 to 31 December 1995, a Member State may, for statistics relating to that period, use statistical units of the production system other than those provided for in

Article 1. In such cases the statistical data to be sent to the Commission during the transitional period shall be adapted and transmitted to conform as closely as possible to the Annex.

2. The Commission may, in exceptional circumstances, at the request of a Member State and for duly substantiated technical or practical reasons, extend the transitional period until no later than 31 December 1997.

Article 5

After the end of the transitional period referred to in Article 4 the Commission may, pursuant to the procedure laid down in Article 6, authorize a Member State to use other statistical units of the production system.

Article 6

Measures for implementing this Regulation, including those for adaptation to economic and technical developments concerning in particular the statistical units of the production system, the criteria used and the definitions specified in the Annex, shall be determined in accordance with the procedure laid down in Article 7.

Article 7

1. The representative of the Commission shall submit to the 'Statistical Programme' Committee set up by Decision 89/382/EEC, Euratom⁽¹⁾ a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the Chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The Chairman shall not vote.

2. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event, the Commission shall defer application of the measures which it has decided for a period of three months from the date of such communication.

⁽¹⁾ OJ No L 181, 28. 6. 1989, p. 47.

3. The Council, acting by qualified majority, may take a different decision within the time limit referred to in paragraph 2.

Article 8

The statistical units of the production system referred to in a Community act governing Community statistics shall be

interpreted in accordance with the concepts and terminology of this Regulation.

Article 9

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 15 March 1993.

For the Council
The President
M. JELVED

ANNEX

STATISTICAL UNITS OF THE PRODUCTION SYSTEM IN THE COMMUNITY

SECTION I

List of units

The list of statistical units of the production system is as follows:

- A. the enterprise;
- B. the institutional unit;
- C. the enterprise group;
- D. the kind-of-activity unit (KAU);
- E. the unit of homogeneous production (UHP);
- F. the local unit;
- G. the local kind-of-activity unit (local KAU);
- H. the local unit of homogeneous production (local UHP).

SECTION II

Criteria used

The statistical units in this Regulation are defined on the basis of three criteria. The relative importance of these criteria depends on the type of unit concerned.

A. Legal, accounting or organizational criteria

1. In order to define units that are recognizable and identifiable in the economy, legal or institutional criteria must be applied. In some cases, legally separate units must be grouped together as they are not sufficiently autonomous in their organization. In order to define some types of unit, accounting or financial criteria also have to be applied.
2. To constitute the enterprise unit, use is made of legal units that exercise, wholly or partially, a productive activity.
3. Legal units include:
 - legal persons whose existence is recognized by law independently of the individuals or institutions which may own them or are members of them,
 - natural persons who are engaged in an economic activity in their own right.
4. The legal unit always forms, either by itself or sometimes in combination with other legal units, the legal basis for the statistical unit known as the 'enterprise'.

B. Geographical criteria

1. A unit can be geographically identified. A distinction is made between local, regional, national, Community and worldwide areas.
2. The local level here means the territory corresponding to the 'smallest administrative area': the 'commune/gemeente' in Belgium; the 'kommune' in Denmark; the 'Gemeinde' in Germany; the 'demos' or 'koinotis' in Greece; the 'municipio' in Spain; the 'commune' in France; the 'DED/ward' in Ireland; the 'comune' in Italy; the 'commune' in Luxembourg; the 'gemeente' in the Netherlands; the 'concelho' in Portugal and the 'ward' in the United Kingdom.

3. The regional levels are defined by the nomenclature of territorial units for statistics (NUTS), which distinguishes three levels (I, II, III).
4. The observation and analytical units are defined in such a way as to permit data first to be determined for each Member State and these data to be combined to give figures for the Community as a whole or for larger areas.
5. The rules regarding geographical criteria must be in order to permit consolidation and avoid double counting and omissions.

C. *Activity criteria*

1. The economic activity of production — hereinafter referred to as 'activity' — can be said to take place when resources such as equipment, labour, manufacturing techniques, information networks or products are combined, leading to the creation of specific goods or services. An activity is characterized by an input of products (goods or services), a production process and an output of products.
2. Activities are determined by reference to a specific level of NACE Rev. 1.
3. If a unit carries out more than one activity, all the activities which are not ancillary activities are ranked according to the gross value added at factor cost which they generate. A distinction is made between principal activity and secondary activities.
4. If no value-added figures are available, other criteria must be used, such as, for example, employment, payroll, turnover and assets, with a view to obtaining the closest possible approximation of the classification which would have been obtained on the basis of value added.
5. Units are classified in terms of their activities. If one activity accounts for over 50% of the value added this determines the classification of the unit. In all other cases, classification rules must be observed. Classification is carried out in stages from the highest level of aggregation which is the section (one letter), down to the class (four digits) via the division (two digits) and the group (three digits). The classification at each level must be compatible with the previous level. The Statistical Programme Committee referred to in Article 7 of Regulation (EEC) No 3037/90 has competence in this field.
6. Principal and secondary activities are backed up by ancillary activities, such as, for example, administration, accounts, data processing, process monitoring, purchasing, sales and marketing, warehousing, repairs, transport and renovation.

These ancillary activities within a unit are carried out in order to permit or facilitate production by the unit of goods and services for third parties. The products of ancillary activities are not themselves supplied to third parties.

7. The notion of ancillary activities is developed in section IV B.

SECTION III

Definitions of units and explanatory notes specific to each unit

A. *Enterprise*

The *enterprise* is the smallest combination of legal units that is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.

Explanatory note

The enterprise thus defined is an economic entity which can therefore, under certain circumstances, correspond to a grouping of several legal units. Some legal units, in fact, perform activities exclusively for other legal units and their existence can only be explained by administrative factors (e. g. tax reasons), without them being of any economic significance. A large proportion of the legal units with no persons employed also belongs to this category. In many cases, the activities of these legal units should be seen as ancillary activities of the parent legal unit they serve, to which they belong and to which they must be attached to form an enterprise used for economic analysis.

B. *Institutional unit*

The *institutional unit* is an elementary economic decision-making centre characterized by uniformity of behaviour and decision-making autonomy in the exercise of its principal function. A unit is regarded as constituting an institutional unit if it has decision-making autonomy in respect of its principal function and keeps a complete set of accounts.

- In order to be said to have autonomy of decision in respect of its principal function, a unit must be responsible and accountable for the decisions and actions it takes.
- In order to be said to keep a complete set of accounts, a unit must keep accounting records covering all its economic and financial transactions carried out during the accounting period, as well as a balance sheet of assets and liabilities.

Explanatory notes

1. In the corporate enterprises sector, the enterprise corresponds to the institutional unit used in the ESA. Similar institutional units also exist in the general government and private non-profit institutions sectors. The institutional unit in the households sector covers all the activities of households, while the term 'enterprise' is reserved exclusively for their production activities.
2. Applying these rules leads to the following solutions for entities which do not clearly possess both characteristics of an institutional unit.
 - (a) Households always enjoy autonomy of decision and must therefore be institutional units, even though they do not keep a complete set of accounts.
 - (b) Entities which do not keep a complete set of accounts are combined with the institutional units in whose accounts their partial accounts are integrated.
 - (c) Entities which, while keeping a complete set of accounts, have no autonomy of decision in the exercise of their principal function are combined with the units which control them.
 - (d) Entities which satisfy the definition of an institutional unit are treated as such even if they do not publish their accounts.
 - (e) Entities forming part of a group of enterprises and keeping a complete set of accounts are deemed to be institutional units even if they have surrendered, in fact if not in law, part of their autonomy of decision to the central body (the holding company) responsible for the group's general management. The holding company itself is deemed to be an institutional unit distinct from the units which it controls.
3. The following are deemed to be institutional units:
 - units which have a complete set of accounts and autonomy of decision:
 - (a) private and public companies, public corporations;
 - (b) cooperatives or partnerships recognized as independent legal entities;
 - (c) public enterprises which by virtue of special legislation are recognized as independent legal entities;
 - (d) non-profit institutions recognized as independent legal entities;
 - (e) agencies of general government.
 - units which have a complete set of accounts and which, by convention, are deemed to have autonomy of decision:
 - (f) quasi-corporate enterprises: sole proprietorships, partnerships and public enterprises, other than those referred to in points (a), (b) and (c) in so far as their economic and financial behaviour can be separated from that of their owners and resembles that of corporate enterprises;
 - units which do not necessarily keep a complete set of accounts, but which by convention are deemed to have autonomy of decision:
 - (g) households.

C. Enterprise group

An *enterprise group* is an association of enterprises bound together by legal and/or financial links. A group of enterprises can have more than one decision-making centre, especially for policy on production, sales and profits. It may centralize certain aspects of financial management and taxation. It constitutes an economic entity which is empowered to make choices, particularly concerning the units which it comprises.

Explanatory notes

1. For certain observations and analyses it is sometimes useful and necessary to study the links between certain enterprises and to group together those which have strong ties with each other.

A number of exercises are underway but not finished concerning the concept of the group of enterprises. It is defined here starting from the concept of accounting group as given in the Seventh Council Directive 83/349/EEC (OJ No L 193, 18. 7. 1983, p. 1). This Directive came into force for the first time for consolidated accounts of the financial year which began in 1990. Directive 90/605/EEC (OJ No L 317, 16. 11. 1990, p. 60) extended the scope of application of the Seventh Directive.

2. Within the meaning of the Seventh Directive, a group is presumed to exist where 20 % of the capital or voting rights are held or controlled by another enterprise. Provisions regarding the control of the power to appoint directors must be taken into account. Behind financial (majority) control, the aim is to take into account where the control really is.
3. This definition as it stands is not suitable for statistical analysis because 'accounting groups' do not constitute mutually exclusive, additive groups of enterprises. A statistical unit known as 'enterprise group' based on the 'accounting group' concept must be defined by applying the following amendments:
 - consider accounting groups at the highest consolidation level (group head),
 - include in enterprise group units whose accounts are entirely integrated in those of the consolidating company,
 - add majority-controlled units whose accounts are not included in the overall consolidating by virtue of application of one of the criteria allowed by the seventh Directive, i. e. difference in the type of activity or small realive size,
 - discount temporary links of less than a year.
4. An enterprise group is a set of enterprises controlled by the group head. The group head is a parent legal unit which is not controlled either directly or indirectly by any other legal unit. The subsidiary enterprises of a subsidiary enterprise are considered to be subsidiaries of the parent enterprise. However there are some forms of cooperative or mutual associations where the parent enterprise is actually owned by the units of the group.
5. Enterprise groups are often bound together by various types of links such as ownership, controlling interest and management. These units are often linked with units of the same family from several different generations. The enterprise group unit often corresponds to a conglomerate bound together by a network of complex relationships and frequently covers a very wide range of activities. Subgroups can be identified within enterprise groups.
6. It is useful to recognize all (majority and minority) links between the group head and the controlled enterprise via the network of subsidiaries and sub-subsidiaries. This allows the group's entire organization to be depicted.
7. In view of the implications of the different accounting directives, an attempt should always be made to distinguish between basic units of the group that belong to non-financial enterprises and those which must be classified as financial institutions. In the case of the latter, a distinction must be drawn between units that are credit institutions and those that are insurance enterprises. Some enterprise groups span the whole world, but need to be analysed for the economic territory of the Community and for that of each Member State.
8. The enterprise group unit is particularly useful for financial analyses and for studying company strategies, but it is too varied in nature and unstable to be adopted as the central unit for observation and analysis, which remains the enterprise. It is used for compiling and presenting certain information.

D. *Kind-of-activity unit (KAU)*

The *kind of activity unit (KAU)* groups all the parts of an enterprise contributing to the performance of an activity at class level (four digits) of NACE Rev. 1 and corresponds to one or more operational subdivisions of the enterprise. The enterprise's information system must be capable of indicating or calculating for each KAU at least the value of production, intermediate consumption, manpower costs, the operating surplus and employment and gross fixed capital formation.

Explanatory notes

1. The KAU was devised as an observation unit in order to improve the homogeneity of the results of statistical surveys by activity and hence the international comparability of these results, since at the level of the enterprise different types of horizontal and vertical integration can be observed at both national and international level. An entity which only carries out ancillary activities for the enterprise to which it belongs cannot be considered as a separate KAU. In fact the KAU corresponds to the operational definition given in paragraph 96 of the introduction to ISIC Rev. 3.
2. The KAUs falling within a particular heading in the NACE Rev. 1 classification system can produce products outside the homogeneous group, on account of secondary activities connected with them which cannot be separately identified from available accounting documents. Conversely, the KAUs classified under a particular heading in the classification system on the basis of a principal activity do not produce the entire output of homogeneous groups of specific products because the same products can be produced in secondary activities of KAUs falling under some other classification heading.
3. The internal accounts of enterprises (e. g. profit or cost centres) have often been developed according to criteria that are close: the activity concept. They enable the supply of data at KAU level, so that these can be observed.
4. All the costs of ancillary activities of an enterprise must be allocated to the principal and secondary activities and thus to the KAUs observed within the enterprise.

E. *Unit of homogeneous production (UPH)*

The *unit of homogeneous production (UHP)* is characterized by a single activity which is identified by its homogeneous inputs, production process and outputs. The products which constitute the inputs and outputs are themselves distinguished by their physical characteristics and the extent to which they have been processed as well by the production technique used, by reference to a product classification. The unit of homogeneous production may correspond to an institutional unit or a part thereof; on the other hand, it can never belong to two different institutional units.

Explanatory notes

1. For a clear analysis of the production process, the ESA has adopted units of homogeneous production that enable the technical/economic relationships to be studied. These analytical units are used particularly for Input-Output tables, and in practice are reconstituted from data collected for the observation units, since they cannot as a rule be directly observed.
2. Most observation units are engaged in a combination of activities at the same time. They may be engaged in a principal activity, some secondary activities — i. e. activities belonging to other branches — and some ancillary activities such as administration, purchasing, selling to the trade, storage, repairs, etc. If an observation unit carries out a principal activity as well as one or more secondary activities, it will be subdivided into the corresponding number of units of homogeneous production, and the secondary activities will be reclassified under different headings from the principal activity. On the other hand, the ancillary activities of the observation unit are not separated from the principal or secondary activities they serve.
3. The unit of homogeneous production is defined independently of the location of the activity. In ISIC Rev. 3, the unit of homogeneous production is defined in such a way as to correspond to the local UHP. Paragraph 112 of the introduction to ISIC Rev. 3 is governed by paragraph 104.

F. *Local unit*

The *local unit* is an enterprise or part thereof (e. g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which — save for certain exceptions — one or more persons work (even if only part-time) for one and the same enterprise.

Explanatory notes

1. If a person works in more than one place (maintenance or surveillance) or at home, the local unit is taken to be place from which instructions emanate or from where the work is organized. It must be possible to specify the employment attached to any local unit. However, all legal units that serve as the legal basis for an enterprise or a part thereof must have a local unit which is the registered office, even if nobody works there. Moreover, a local unit can comprise only ancillary activities.
2. A geographically identified place must be interpreted on a strict basis: two units belonging to the same enterprise at different locations (even within the smallest administrative unit of the Member State) must be regarded as two local units. However, a single local unit may be spread over several adjacent administrative areas, in which case, by convention, the postal address is the determining factor.
3. The boundaries of the unit are determined by the boundaries of the site, which means for example that a public highway running through does not interrupt the continuity of the boundaries. The definition is similar to the one in paragraph 101 of the introduction to ISIC Rev. 3 in that it concerns localization in the strict sense of the term, but differs from the definition in paragraph 102 in that this strict sense may not vary according to the statistics under consideration. In addition, the criterion of persons working in the unit is normally applied.
4. The ESA-REG (the regional application of the ESA) uses the same definition of local unit for regional accounts purposes.

G. Local kind-of-activity unit (local KAU)

The *local kind-of-activity unit* (local KAU) is the part of a KAU which corresponds to a local unit.

Explanatory notes

1. Each KAU must have at least one local KAU; however, the KAU can be made up of a grouping of parts of one or more local units. On the other hand, a local unit may in certain circumstances comprise solely a group of ancillary activities. In this instance, a supplementary classification of the local unit is possible. Furthermore, each enterprise should have at least one local KAU.
2. The local KAU corresponds to the operational definition of the establishment as given in paragraph 106 of the introduction to ISIC Rev. 3.

H. Local unit of homogeneous production (local UHP)

The *local unit of homogeneous production* (local UHP) is the part of a unit of homogeneous production which corresponds to a local unit.

SECTION IV

Additional explanatory notes

A. Government and non-profit bodies

1. In the case of general government bodies, the appropriate statistical unit for the collection and compilation of statistics is very variable (e. g. central government, social security administration, or local government of the region, province, department, county, municipality, metropolitan area, etc.). These various bodies collectively plan, supervise and administer the finances of their constituent bodies (which can be ministries, directorates-general, directorates, bureaus, agencies, offices, etc.) As regards the type of activity, however, some of these bodies, particularly local authorities, are likely to be much more heterogeneous than corporate enterprises.
2. The activities of these bodies often belong to Section L of NACE Rev. 1 'Public administration and defence: compulsory social security', although other bodies carry out activities which basically belong to other Sections, including 'Education' (Section M), 'Health and social work' (Section N) and 'Other community, social and personal service activities' (Section O).

3. When series of data on private-sector entities have to be combined with data on these general government and private non-profit institutions classified by type of economic activity, their identification and classification must be carried out using statistical units corresponding to entities which are closest to the statistical units defined in the private sector. This is why all the criteria used in the private sector are — by analogy — applied to general government bodies. The same applies to private non-profit institutions.

B. Ancillary activities

1. An activity must be regarded as ancillary if it satisfies all the following conditions:
 - (a) it serves only the unit referred to: in other words, goods or services produced must not be sold on the market;
 - (b) a comparable activity on a similar scale is performed in similar production units;
 - (c) it produces services or, in exceptional cases, non-durable goods which do not form part of the unit's end product (e. g. small implements or scaffolding);
 - (d) it contributes to the current costs of the unit itself, i. e. does not generate gross fixed capital formation.
2. The distinction between ancillary, principal and secondary activity can be illustrated by a few examples, as follows:
 - production of small implements for the unit's use is an ancillary activity (in accordance with all criteria),
 - own-account transport is normally an ancillary activity (in accordance with all criteria),
 - sales of own products are an ancillary activity because, as a general rule, it is not possible to produce without sales. However, if it is possible to identify a retail sales point within a production enterprise (direct sales to end-user) which may be, for example, a local unit, this sales point — exceptionally and for the purposes of certain analyses — may be regarded as a kind-of-activity unit. This observation unit then forms the subject of a twofold classification, i. e. in terms of the (principal or secondary) activity it performs within the enterprise and in terms of its own activity (retail sale).
3. Thus, the general rule is that, since production processes are not usually viable without the support of ancillary activities, these ancillary activities should not be isolated to form distinct entities, even if they are carried out by a distinct legal entity or at a distinct place, and even if separate accounts are kept. Furthermore, the ancillary activity is not taken into account when classifying the activity of the entity by which the ancillary activities are carried out. The best example of an entity carrying out ancillary activities is the central administrative department of registered office.
4. Having regard to the definition in point 1, the following activities must not be considered as ancillary activities:
 - (a) the production of goods or work carried out which forms part of fixed capital formation — in particular, construction work for own account. This is in line with the method used in NACE Rev. 1, where units carrying out construction work for own account are classified under the building industry if data are available;
 - (b) production, a significant part of which is sold commercially, even if much is used as consumption in connection with the principal or secondary activities;
 - (c) the production of goods which subsequently become an integral part of the output of the principal or secondary activity — e. g. production of boxes, containers, etc. by a department of an enterprise for use in packing its products;
 - (d) the production of energy (integrated power station or integrated coking plant), even where this is consumed in its entirety in the principal or secondary activity of the parent unit;
 - (e) the purchase of goods for resale in unaltered state;

(f) research and development. These activities are not very widespread and do not produce services which are used in current production.

In all these cases, if separate data are available for these activities, they should be regarded as distinct activities and subsequently recognized as KAUs.

5. If ancillary activities are carried out for the benefit of a single entity, these activities and the resources they use will constitute an integral part of the activities and resources of that unit. However, if the activities of the statistical unit and the corresponding ancillary activities are not carried out in the same geographical area (defined in terms of the zones delimited for the purposes of statistical surveys), it may be desirable to collect separate supplementary information on these units for the categories of data which have to be classified in terms of geographical areas, even if the units only carry out ancillary activities.
6. If ancillary activities are carried out basically for the benefit of two or more kind-of-activity units, the cost of these ancillary activities must be spread over all the kind-of-activity units which they support. If data are available on the proportion of the costs which can be assigned to each of these distinct activities, the costs should be broken down accordingly. However, should no information of this kind be available, the cost of the ancillary activity should be broken down over the principal and secondary activities proportionately to the value of output minus intermediate costs-excluding the costs of the ancillary activities themselves. If this method proves too difficult in practice, the cost of the ancillary activity may simply be broken down proportionately to the value of output.
7. If ancillary activities are organized in such a way as to serve two or more entities of a multi-unit enterprise, they may constitute a group of ancillary activities at a distinct location. In this case, in the same way as it would be desirable to cover certain activities completely even if they are carried out independently or by entities which are engaged exclusively in ancillary activities (such as computer services), it could be useful to allow for supplementary classifications. For this purpose these ancillary entities could then be classified according to their own activities as well as being classified under the activity of the unit to which they belong.
8. It is possible that an activity starts out as ancillary but subsequently begins to provide services for sale to other entities. An activity of this kind may develop to the point where it ceases to be an ancillary activity and must therefore be regarded as one of the principal or secondary activities of an entity. The only way of deciding whether a given activity should be regarded as an ancillary activity or a principal or secondary activity is to assess the role it plays in the enterprise as a whole.

C. *Synoptic table by activity and location*

One or more activities	One or more locations Enterprise Institutional unit	A single location Local unit
One single activity	KAU UHP	Local KAU Local UHP