

Post and telecommunications industry, 2010

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Post and telecommunications industry, 2010

1. Introduction

This publication presents estimates in respect of the 2010 post and telecommunications industry large sample survey (LSS). The 2010 *Post and telecommunications industry LSS* collected data from a sample of approximately 200 enterprises drawn from a sampling frame of approximately 300 which were operating between 1 July 2008 and 30 June 2010. The sample was stratified in such a way that all large enterprises (those with turnover equal to or greater than R39 million) were included. The data for the number of employees were provided for the last pay period ended on or before 30 June 2010. Data were collected at the 4-digit SIC level of classification of enterprises.

The previous post and telecommunications LSS was conducted in 2006 (*Post and telecommunications industry, 2006, Report No. 75-01-02 (2006)*).

1.1 Scope and coverage

The 2010 post and telecommunications industry LSS covers enterprises registered in the taxation system that are mainly engaged in the following activities classified according to the January 1993 edition of the *Standard Industrial Classification of all Economic Activities (SIC), Fifth edition, Report No. 09-09-02*:

- National postal activities (SIC 7511) and courier activities other than national postal activities (SIC 7512); and
- Telecommunications activities (SIC 7520).

The following activities are excluded:

- Postal savings bank activities and other financial activities sometimes carried out in combination with postal activities (SIC 8112); and
- The production of TV and radio programmes (SIC 96130).

1.2 Data items

The following categories of data items were collected: industrial classification, details of employment, trading income, expenditure, profit or loss, inventories, book value of assets, details of sales of goods, details of services rendered, information technology usage and purchases.

1.3 Reference period

The questionnaires were completed for the **financial year of the enterprise which ended on any date between 1 July 2009 and 30 June 2010**, according to the usual reporting schedule of the enterprise.

Example

- 1 October 2008 – 30 September 2009
- 1 January 2009 – 31 December 2009
- 1 February 2009 – 31 January 2010
- 1 March 2009 – 28 February 2010
- 1 April 2009 – 31 March 2010

1.4 Current prices

The rand values are at current prices.

1.5 Reliability of data

All estimates compiled for this industry are subject to both sampling and non-sampling errors.

The estimates presented in this publication are subject to sampling variability since they are based on information obtained from a sample. That is, they might differ from the figures that would have been produced if the data had been obtained from all enterprises in the post and telecommunications industry in South Africa.

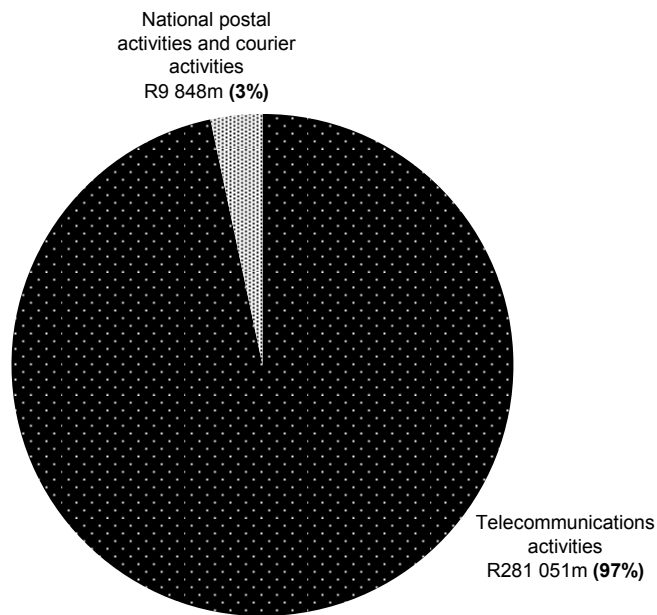
One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of enterprises was used. The relative standard error (RSE) provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to refer to the size of the estimate. The larger the RSE, the less reliable the estimate. The following are some of the likely sources of item non-sampling errors: sampling frame not up to date, wrong definitions and classification, phrasing of questions, non-response, processing and estimation. Every effort is made to minimise non-sampling errors by the careful design of questionnaires, testing them in pilot studies, editing reported data and implementing efficient operating procedures. Non-sampling errors occur in both sample surveys and censuses.

1.6 Confidentiality

According to section 17 of the Statistics Act, 1999 (Act No. 6 of 1999), completed questionnaires remain confidential to Statistics South Africa (Stats SA). Individual business information is never disclosed. Results are presented in aggregated form only.

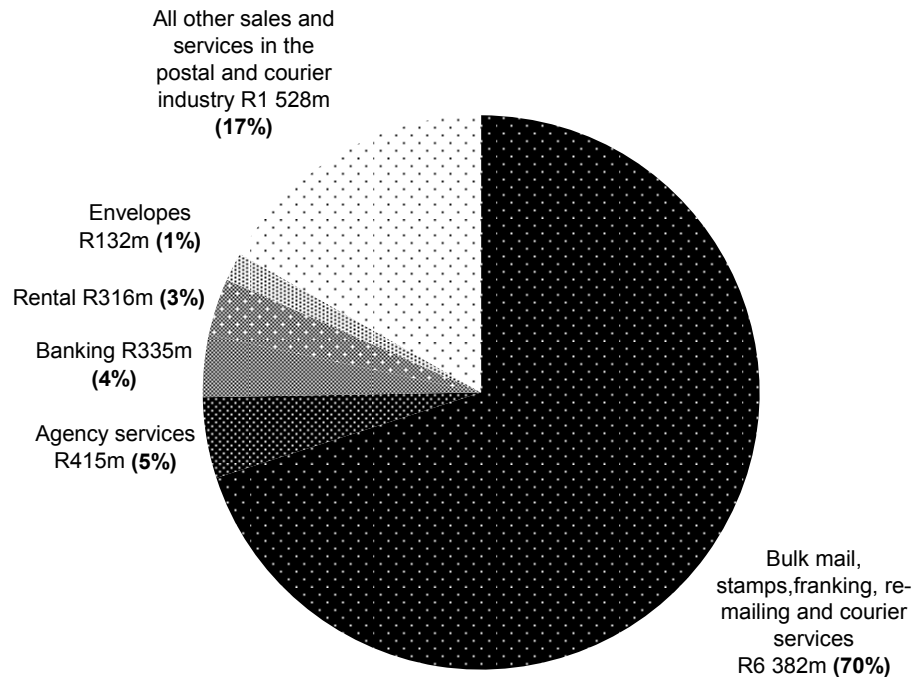
2. Summary of findings for the year 2010

Figure 1 – Income in the post and telecommunications industry, 2010



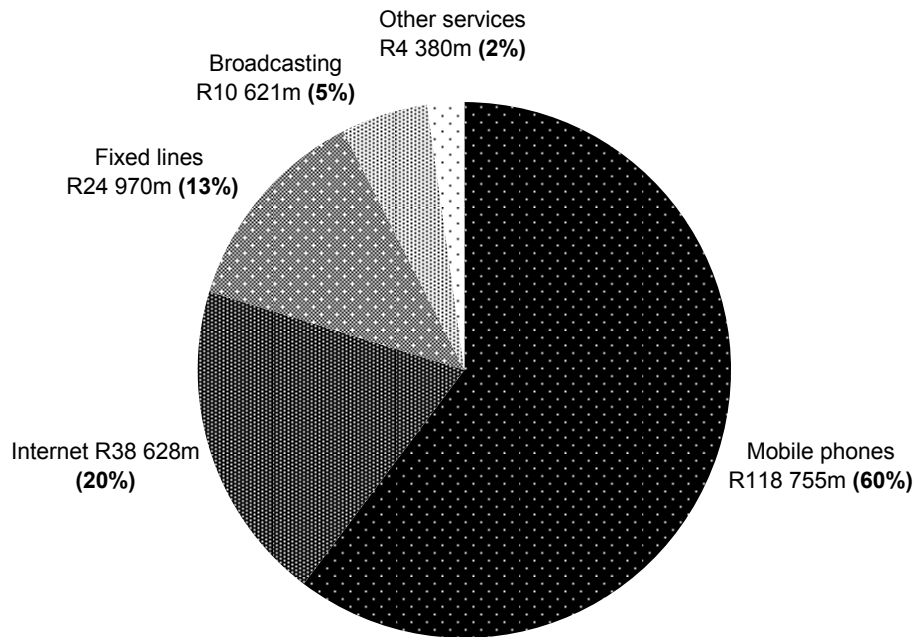
The total income for the post and telecommunications industry in 2010 was R290 899 million. The largest contributor to the total income was ‘telecommunications activities’ (R281 051 million or 97%), with ‘national postal activities and courier activities’ at R9 848 million or 3% (Figure 1 and Table 3, page 6).

Figure 2 – Income from sales and services in national postal activities and courier activities, 2010



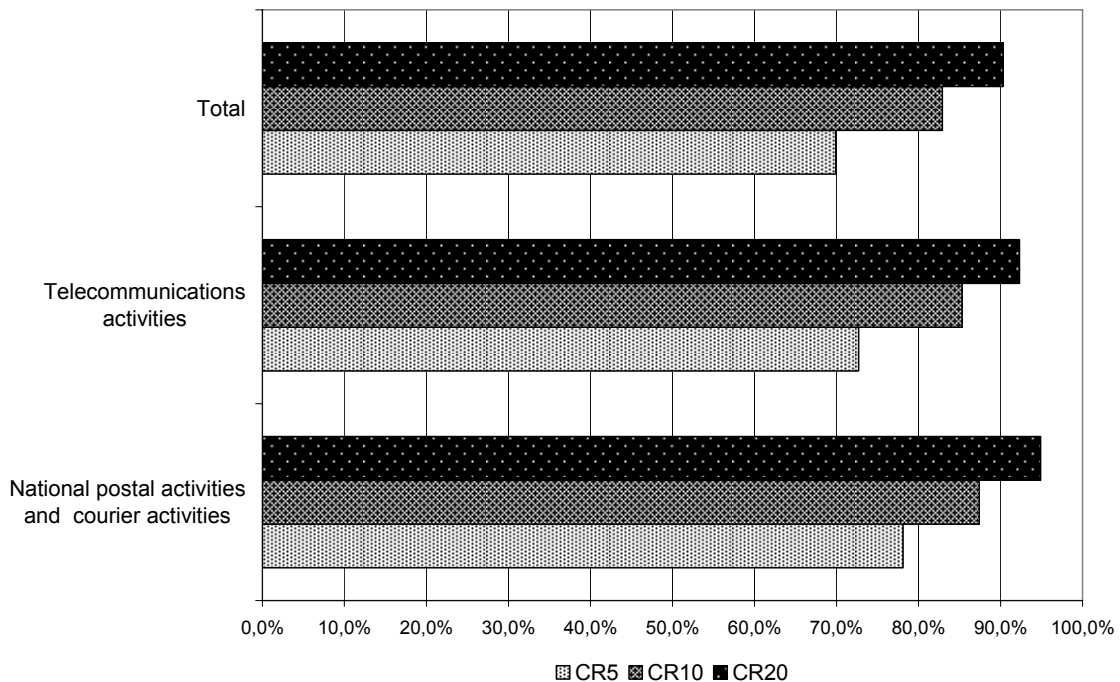
The largest income in national postal activities and courier activities was from ‘bulk mail, stamps, franking, re-mailing and courier activities’ (R6 382 million or 70%) (Figure 2 and Table 11, page 12).

Figure 3 – Income in telecommunications activities by type of service, 2010



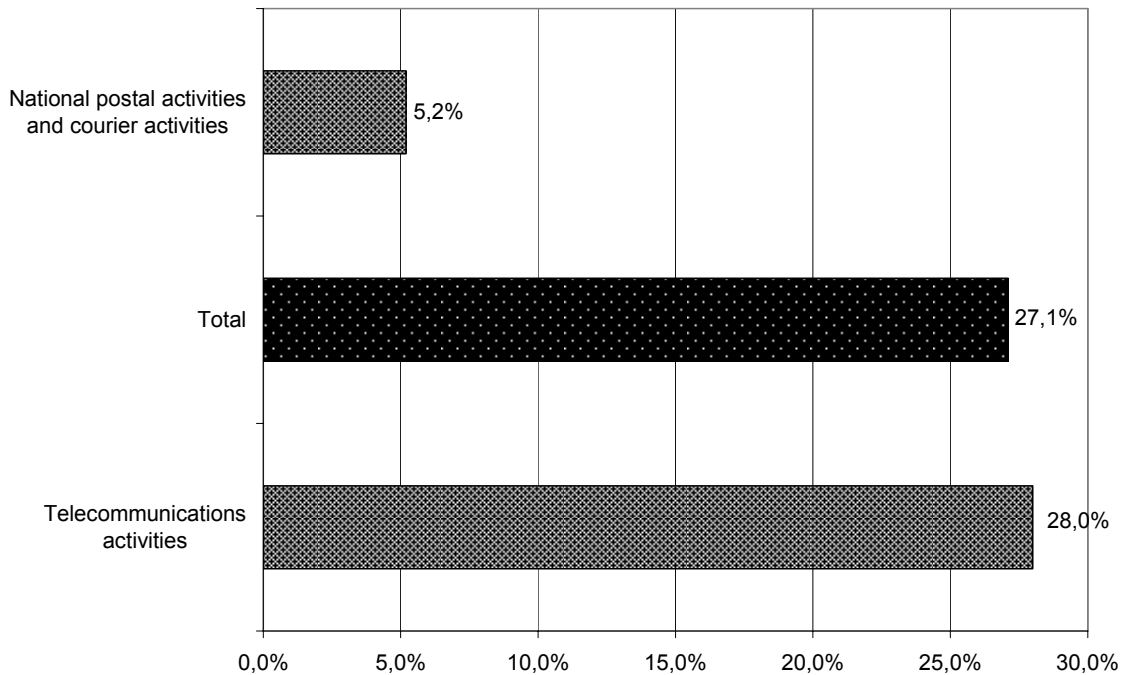
The largest income by type of service in telecommunications activities was from services related to ‘mobile phones’ (R181 755 million or 60%), followed by ‘internet’ (R38 628 million or 20%), ‘fixed lines’ (R24 970 million or 13%) and ‘broadcasting’ (R10 621 million or 5%) (Figure 3 and Table 12, page 12).

Figure 4 – Concentration ratios (CR) in the post and telecommunications industry, 2010



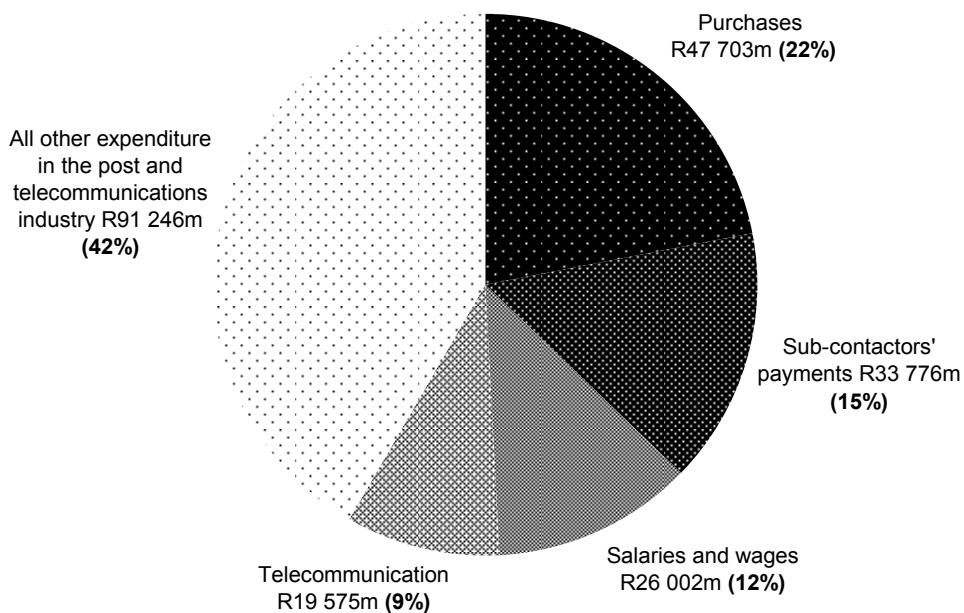
‘National postal activities and courier activities’ had the highest concentration ratios in all categories (CR5 78,1%, CR10 87,4% and CR20 94,9%) (Figure 4 and Table 4, page 7).

Figure 5 – Profit margin in the post and telecommunications industry, 2010



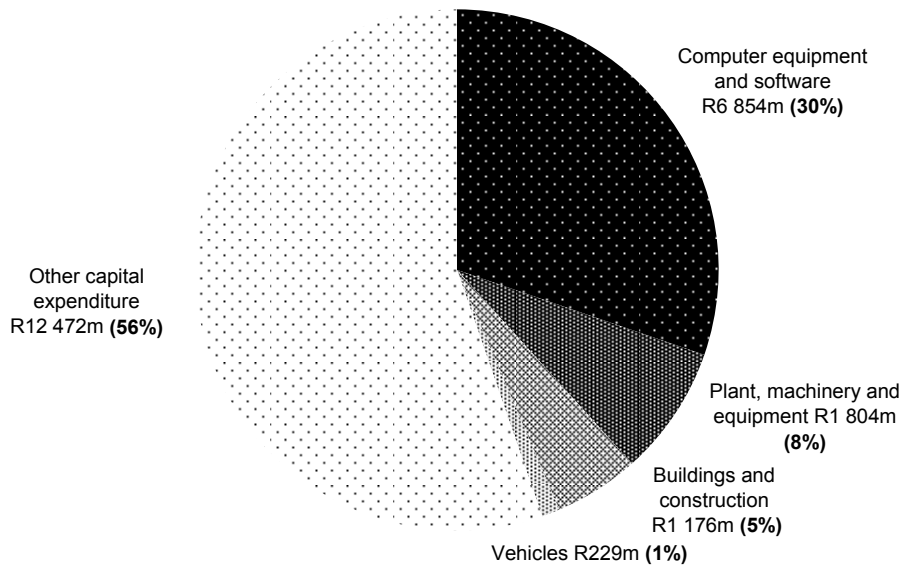
The profit margin for the post and telecommunications industry was 27,1% in 2010. ‘Telecommunications activities’ had the highest profit margin at 28,0% (Figure 5 and Table 2, page 6).

Figure 6 – Composition of expenditure in the post and telecommunications industry, 2010



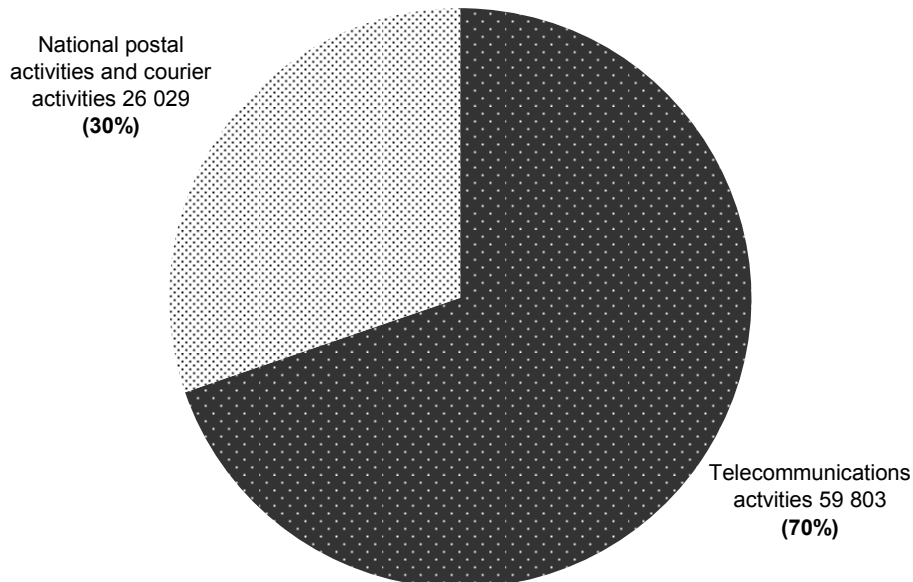
Expenditure in the post and telecommunications industry in 2010 amounted to R218 302 million. The expenditure consisted primarily of ‘purchases’ (R47 703 million or 22%), followed by ‘sub-contractors’ payments’ (R33 776 million or 15%) and ‘salaries and wages’ (R26 002 million or 12%) (Figure 6 and Table 5, page 8).

Figure 7 – Capital expenditure on new assets in the post and telecommunications industry, 2010



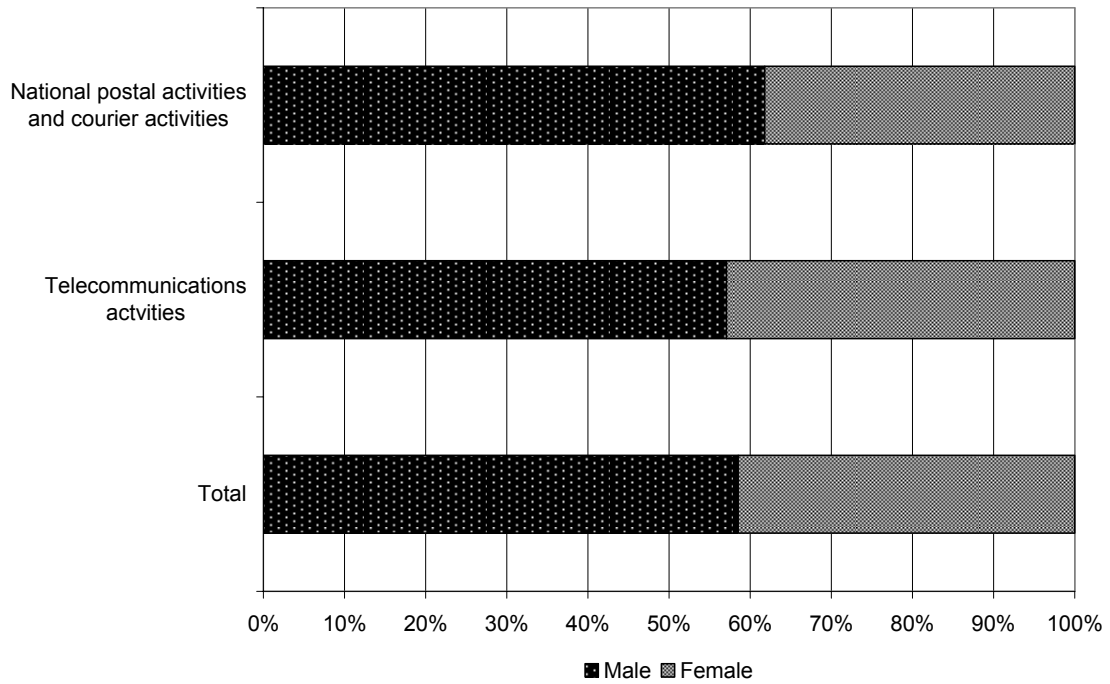
The total capital expenditure on new assets in the post and telecommunications industry in 2010 was R22 535 million. The largest category of capital expenditure was ‘computer equipment and software’ (R6 854 million or 30%), followed by ‘plant, machinery and equipment’ (R1 804 million or 8%) and ‘buildings and construction’ (R1 176 million or 5%) (Figure 7 and Table 9, page 10).

Figure 8 – Employment in the post and telecommunications industry, 2010



The total number of persons employed in the post and telecommunications industry at the end of June 2010 was 85 832. ‘Telecommunications activities’ employed the largest number of persons (59 803 or 70%), followed by ‘national postal activities and courier activities’ (26 029 or 30%) (Figure 8 and Table 10, page 11).

Figure 9 – Gender ratios in the post and telecommunications industry, 2010



The proportion of females out of the total persons employed was 41%. The highest proportion of females employed was in ‘telecommunications activities’ (43%) (Figure 9 and Table 10, page 11).

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3. Tables

Table 1 – Principal statistics in the post and telecommunications industry, 2010

Item	National postal activities and courier activities	Tele-communications activities	Total
	R million		
Total income	9 848	281 051	290 899
Total expenditure	9 216	209 086	218 302
Total value of opening inventories	64	5 235	5 299
Total value of closing inventories	52	4 879	4 931
Net profit of loss before tax	620	71 609	72 229
Capital expenditure on new assets	239	22 296	22 535
Carrying value of fixed assets at the beginning of the financial year	1 617	84 223	85 840
Carrying value of fixed assets at the end of the financial year	1 537	88 895	90 432

Table 2 – Profit margin in the post and telecommunications industry, 2010

Item	National postal activities and courier activities	Tele-communications activities	Total
	R million		
Net profit or loss after tax (R million)	474	61 062	61 536
Turnover (R million)	9 120	217 973	227 093
Profit margin ¹ (%)	5,2	28,0	27,1

¹ Net profit after tax divided by turnover multiplied by 100.

Table 3 – Income in the post and telecommunications industry, 2010

Item	National postal activities and courier activities	Tele-communications activities	Total
	R million		
Services	8 946	197 354	206 300
Sales	162	20 351	20 513
Subsidies	0	306	306
Interest	513	2 368	2 881
Dividends	16	1 831	1 847
Rental and leasing income	12	268	280
Profit on sale or revaluation of assets	14	52 652	52 666
Other	185	5 921	6 106
Total	9 848	281 051	290 899

Table 4 – Concentration ratios in the post and telecommunications industry, 2010

Item		National postal activities and courier activities	Tele-communications activities	Total
Total income	R million	9 848	281 051	290 899
Income of the 5 largest enterprises	R million	7 691	204 230	204 230 ²
Relative contribution of the 5 largest enterprises	%	78,1	72,7	70,2
Income of the 10 largest enterprises	R million	8 609	239 610	241 312 ²
Relative contribution of the 10 largest enterprises	%	87,4	85,2	82,9
Income of the 20 largest enterprises	R million	9 350	259 356	264 239 ²
Relative contribution of the 20 largest enterprises	%	94,9	92,3	90,8

² These figures reflect income of the 5 (respectively 10 and 20) largest enterprises, and not the row total.

Table 5 – Expenditure in the post and telecommunications industry, 2010

Item	National postal activities and courier activities	Tele-communications activities	Total
	R million		
Purchases	1 154	46 549	47 703
Sub-contractors' payments	311	33 465	33 776
Wages and salaries	4 317	21 685	26 002
Telecommunication	201	19 374	19 575
Depreciation	256	11 200	11 456
Loss on assets	39	8 388	8 427
Interest	136	5 998	6 134
Administration fees	42	5 639	5 681
Advertising	118	4 617	4 735
Amortisation	29	3 614	3 643
Repair and maintenance	202	3 420	3 622
Rental	257	3 312	3 569
Losses on foreign exchange transactions	18	3 476	3 494
Leasing	360	1 793	2 153
Railage and transport out	694	1 036	1 730
Security	131	1 091	1 222
Provisions	207	501	708
Computers	33	416	449
Water and electricity	75	334	409
Insurance	78	299	377
Travel	36	295	331
Stationery	100	169	269
Motor vehicle expenditure	99	114	213
Postal services	8	204	212
Bank charges	40	160	200
Research and development	0	182	182
Staff training	23	143	166
Entertainment	10	118	128
Accommodation	18	104	122
Other	224	31 390	31 614
Total expenditure	9 216	209 086	218 302

Table 6 – Carrying value of property, plant, equipment and intangible assets as at the end of financial year in the post and telecommunications industry, 2010

Item	National postal activities and courier activities	Tele-communications activities	Total
	R million		
Land, buildings and construction ³	820	6 668	7 488
Computers, network and other IT equipment ³	117	61 618	61 735
Motor vehicles and other transport equipment	288	275	563
Plant, machinery and other office equipment	167	10 151	10 318
Intangible assets	145	10 183	10 328
Total carrying value	1 537	88 895	90 432

³ In the 2006 post and telecommunications report, network infrastructure was included in land and buildings and construction. In the current 2010 post and telecommunications report, network infrastructure is reported under computers, network and other IT equipment.

Table 7 – Details of assets in the post and telecommunications industry, 2010

Assets		National postal activities and courier activities	Tele-communications activities	Total
		R million		
Current assets	Bank	3 787	13 561	17 348
	Debtors	1 233	41 945	43 178
	Inventories	52	4 879	4 931
	Other current assets	3 396	7 816	11 212
	Total current assets	8 468	68 201	76 669
Non-current assets	Fixed non-current assets	1 463	88 115	89 578
	Goodwill	73	781	854
	Long-term investment	172	4 595	4 767
	Other non-current assets	946	6 104	7 050
	Total non-current assets	2 654	99 595	102 249
Total assets		11 122	167 796	178 918

Table 8 – Details of liabilities and equity in the post and telecommunications industry, 2010

Liabilities and equity		National postal activities and courier activities	Tele-communications activities	Total
		R million		
Current liabilities	Creditors	1 514	48 472	49 986
	Overdraft	102	1 413	1 515
	Other current liabilities	5 218	21 441	26 659
	Total current liabilities	6 834	71 326	78 160
Non-current liabilities	Long-term loans	285	39 497	39 782
	Other non-current liabilities	1 217	12 710	13 927
	Total non-current liabilities	1 502	52 207	53 709
Total liabilities		8 336	123 533	131 869
Owners' equity		2 786	44 263	47 049
Liabilities and equity		11 122	167 796	178 918

Table 9 – Capital expenditure on new assets in the post and telecommunications industry, 2010

Item	National postal activities and courier activities	Tele-communications activities	Total
	R million		
Buildings and construction	59	1 117	1 176
Computer equipment and software	17	6 837	6 854
Vehicles	98	131	229
Plant, machinery and equipment	31	1 773	1 804
Other capital expenditure	34	12 438	12 472
Total capital expenditure on new assets	239	22 296	22 535

Table 10 – Employment in the post and telecommunications industry, 2010

Item		National postal activities and courier activities	Tele-communications activities	Total
		Number of employees		
Working proprietors	Female	7	5	12
	Male	29	28	57
	Total	36	33	69
Permanent	Female	9 544	23 340	32 884
	Male	15 570	32 020	47 590
	Total	25 114	55 360	80 474
Temporary	Female	366	1 615	1 981
	Male	341	1 394	1 735
	Total	707	3 009	3 716
Casual	Female	25	701	726
	Male	147	700	847
	Total	172	1 401	1 573
Total	Female	9 942	25 661	35 603
	Male	16 087	34 142	50 229
	Total	26 029	59 803	85 832

Table 11 – Income from sales and services of national postal activities and courier activities, 2010⁴

Type of sales and services	R million	% contribution
Bulk mail, stamps, franking and re-mailing and courier activities	6 382	70,1
Envelopes	132	1,4
Box rental	316	3,5
Banking	335	3,7
Agency services	415	4,6
Other postal and courier sales and services	1 528	16,7
Total income	9 108	100,0

⁴ 'National postal activities' and 'courier activities' are combined because the national post office was the only enterprise sampled for 'national postal activities'.

Table 12 – Income from telecommunications activities, 2010

Type of service	R million	% contribution
Fixed lines	24 970	12,7
National calls	14 639	7,4
International calls	1 887	1,0
Subscriptions	5 705	2,9
Interconnection income	2 739	1,4
Mobile phones	118 755	60,2
Airtime	48 678	24,7
Subscriptions	33 382	16,9
Public phones	672	0,3
Mobile interconnection	36 023	18,3
Internet	38 628	19,6
Narrowband	205	0,1
Broadband	2 985	1,5
Backbone services	2 513	1,3
Data revenue – fixed	10 452	5,3
Data revenue – wireless	12 319	6,2
Other telecommunications activities	10 154	5,2
Broadcasting	10 621	5,3
Television subscription and television licence	4 107	2,1
Advertising – television	2 606	1,3
Advertising – radio	2 261	1,1
Sponsorship – television	407	0,2
Sponsorship – radio	241	0,1
Connectivity services	143	0,1
Other broadcasting activities	856	0,4
Other services	4 380	2,2
Total income from telecommunications activities	197 354	100,0

Table 13 – Income from sales of equipment in telecommunications activities, 2010

Type of purchase	R million	% contribution
Cell phones	13 132	64,5
Starter packs	77	0,4
Decoders	655	3,2
Other sales	6 481	31,9
Total	20 345	100,0

Table 14 – Details of purchases in telecommunications activities, 2010

Type of purchase	R million	% contribution
Fuel	471	1,0
Fixed-line phones	1 868	4,0
Cell phones	10 970	23,6
Air time cards	9 063	19,5
Starter packs	81	0,2
Decoders	1 325	2,8
Other purchases	22 771	48,9
Total	46 549	100,0

Table 15 – Information and communication technology usage by industry in the post and telecommunications industry, 2010

Usage of	National postal activities and courier activities	Telecommunications activities
	%	
Computer	100	97,8
Internet	93,6	97,8
Internet banking	96,8	97,8
Have web page	74,2	86,7
Receive orders over internet	35,5	36,7
Place orders over internet	25,8	45,6
IT outsourced	29,0	26,7

Explanatory notes

Background	<p>The results presented in this publication have been derived from the 2010 <i>Post and telecommunications</i> industry survey. This is a periodic survey, which measures economic activity in the post and telecommunications industry of the South African economy. This survey is based on a sample of private and public enterprises operating in the post and telecommunications industry.</p> <p>The sample was drawn from Stats SA's business register. Stats SA continuously upgrades its business register, based on units registered for value added tax (VAT) and income tax (IT) at the South African Revenue Service (SARS).</p>
Value added tax (VAT)	All figures exclude value added tax (VAT).
Reference period	The information was collected from enterprises for their financial year, which ended on any date between 1 July 2009 and 30 June 2010.
Purpose of the survey	Results of the survey are used within Stats SA for compiling South Africa's national accounts, e.g. the gross domestic product (GDP) and gross fixed capital formation. These statistics are also used by the private sector in analyses of comparative business and industry performance.
Scope and coverage	<p>This survey covers the following income tax-registered private and public enterprises that are mainly engaged in the post and telecommunications industry:</p> <ul style="list-style-type: none">• National postal activities (SIC 7511) and Courier activities other than national postal activities (SIC 7512); and• Telecommunications activities (SIC 7520).
Classification by industry	The 1993 edition of the <i>Standard Industrial Classification of all Economic Activities</i> (SIC), Fifth Edition, Report No. 09-09-02, was used to classify the statistical units in the survey. The SIC is based on the 1990 <i>International Standard Industrial Classification of all Economic Activities</i> (ISIC) with suitable adaptations for local conditions. Each enterprise is classified to an industry which reflects its predominant activity. Statistics in this publication are presented at SIC group (four-digit) level.
Statistical unit	The statistical unit for the collection of the information is known as an enterprise. An enterprise is a legal unit (or combination of legal units) that includes and directly controls all functions necessary to carry out its activities.

Size groups The enterprises are divided into four size groups according to the value of their business register turnover. Large enterprises are enterprises with an annual turnover of R39 million and more. Table 20 presents the size groups defined using the Department of Trade and Industry (DTI) cut-off points.

Table 16 – Size groups for the post and telecommunications industry

Size group	Turnover
Large	≥ R39 000 000
Medium	R19 500 000 ≤ VAT turnover < R39 000 000
Small	R4 500 000 ≤ VAT turnover < R19 500 000
Micro	≤ R4 500 000

Survey methodology and design The survey was conducted by post, email, fax, telephone and personal visits.
 A sample of approximately 200 enterprises was drawn from a frame of about 300 using stratified simple random sampling. The enterprises were first stratified at four-digit level according to the SIC and then by size of enterprise. All large enterprises are completely enumerated. Business register turnover was used as a measure of size for stratification.

Collection rate Collection rate = ((collection + finalised investigations)/sample size) x100
 The collection rate was 89,8%.

Weighting methodology For those strata not completely enumerated, the weights to produce estimates are the inverse ratio of the sampling fraction, modified to take account of non-response in the survey. Stratum estimates are calculated and then aggregated with the completely enumerated stratum to form industry estimates. These procedures, which are in line with international best practice, are described in more detail on the Stats SA website at www.statssa.gov.za/publications/publicationsearch.asp.

Rounding-off of figures The figures in the tables have, where necessary, been rounded off to the nearest final digit shown. There may therefore be slight discrepancies between the sum of the constituent items and the totals shown.

Relative standard error Data presented in this publication are based on information obtained from a sample and are, therefore, subject to sampling variability; that is, they might differ from the figures that would have been produced if the data had been obtained from all enterprises in the post and telecommunications industry in South Africa. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance as only a sample of enterprises was used. The relative standard error (RSE) provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to refer to the size of the estimate.

Table 17 – Income in the post and telecommunications industry within 95% confidence limits, 2010

Item	Lower limit	Total income	Upper limit	RSE
	R million			%
National postal services and courier activities	9 817	9 934	10 051	0,6
Tele-communications activities	278 212	280 965	283 718	0,5
Total	288 048	290 899	293 750	0,5

Non-sampling errors

Inaccuracies might occur because of imperfections in reporting by enterprises and errors made in the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to minimise non-sampling errors by careful design of questionnaires, testing them in pilot studies, editing reported data and implementing efficient operating procedures. Non-sampling errors occur in both sample surveys and censuses.

Where necessary, the figures in the tables have been rounded off to the nearest final digit shown. There might therefore be slight discrepancies between the sums of the constituent items of the totals shown.

Abbreviations

- BR Business register
- CR Concentration ratio
- DTI Department of Trade and Industry
- GDP Gross domestic product
- ISIC International Standard Industrial Classification of all Economic Activities
- IT Income tax
- RSE Relative standard error
- SARS South African Revenue Service
- SE Standard error
- SIC Standard Industrial Classification of all Economic Activities
- SNA System of National Accounts
- Stats SA Statistics South Africa
- VAT Value added tax
- 0 Nil or less than half the final digit shown

Glossary

Casual employees	Employees who fall neither within the 'permanent employees' category nor the 'temporary employees' category. Such employees are typically working daily or hourly.
Concentration ratio	The ratio of the income of the n largest enterprises to the total income.
Current assets	Assets that are expected to be turned into cash within one year during the normal course of business. They include: <ul style="list-style-type: none"> ○ trade and other receivables; ○ cash and bank; ○ inventories; and ○ other current assets.
Current liabilities	Debts or obligations that are due within one year. They include: <ul style="list-style-type: none"> ○ trade and other payables; ○ bank overdraft; and ○ other current liabilities.
Employees	Persons employed by a business or organisation and who received payment (in salaries, wages, commission, piece rates or payments in kind) for the last pay period ended on or before 30 June 2010.
Enterprise	A legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its activities.
Equity	The residual interest in the entity's assets after deducting its liabilities.
Income from rental, leasing and hiring	Includes: Income from rental and leasing of land, buildings and other structures and income from leasing and hiring of motor vehicles, other transport equipment, plant, machinery and equipment.
Industry	An industry consists of a group of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the <i>System of National Accounts (SNA)</i> in the same way as in the <i>Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC)</i> .
Net profit or loss after tax	Net profit or loss after tax is derived as: Net profit or loss before tax minus company tax
Net profit or loss before tax	Net profit or loss before tax is derived as: Total income plus closing inventories minus total expenditure minus opening inventories
Non-current assets	Assets which are not easily convertible to cash or not expected to become cash within the next year. They include: <ul style="list-style-type: none"> ○ property, plant and equipment and intangible assets; ○ long-term investments; and ○ other non-current assets.

Non-current liabilities	<p>Liabilities not due to be paid within one year during the normal course of business. They include:</p> <ul style="list-style-type: none"> ○ long-term loans; and ○ other non-current liabilities.
Other expenditure	<p>Includes:</p> <p>Bursaries for own employees (staff bursaries); containers and packaging materials; excise and customs duty; losses on foreign exchange as a result of variations in foreign exchange rates; losses on financial and other liabilities: redemption, liquidation or revaluation; property taxes paid; research and development; severance, termination and redundancy payments; and skills development levy.</p>
Other income	<p>Includes:</p> <p>Net profit on foreign loans as a result of variations in foreign exchange rates; royalties, franchise fees, copyright, trade names and patent rights received; profit on financial and other liabilities: redemption, liquidation and revaluation.</p>
Permanent employees	<p>Employees appointed on an open-ended contract with no stipulated termination date or fixed-term contract for periods of more than one year.</p>
Profit margin	<p>Profit margin is derived as: Net profit or loss after tax <i>divided by</i> turnover <i>multiplied by</i> 100</p>
Statistical unit	<p>A unit about which statistics are tabulated, compiled or published. The statistical units are derived from and linked to the South African Revenue Service (SARS) administrative data.</p>
Stratum	<p>A stratum is constructed by concatenating the SIC classification and size group variables.</p>
Subcontractors	<p>Include labour brokers.</p>
Temporary employees	<p>Employees appointed on a short-term contract basis with a stipulated termination date for periods not exceeding one year.</p>
Turnover	<p>Turnover includes:</p> <ul style="list-style-type: none"> ○ the value of sales; ○ amounts received for work done; ○ amounts received for services rendered; ○ rent and/or lease payments received for land and buildings; and ○ rent, leasing and hiring received for machinery, vehicles and other equipment. <p>Turnover excludes:</p> <ul style="list-style-type: none"> ○ value added tax (VAT); ○ net profit or loss on sales or revaluation of fixed assets (including profit or loss on foreign exchange); ○ export freight charges; ○ interest received; and ○ excise duty.