

Glossary

Sales of goods purchased for resale: This refers to the total sales of merchandise purchased for resale on own account, less returns, adjustments and discounts. Trade-in allowances are not deducted. Sales values of trade-ins and parts used in repair are included. Goods and Services Tax (GST), Harmonized Sales Tax (HST) and any other sales taxes collected for remittance to a government are excluded.

Total operating revenue: The sum of sales of goods purchased for resale, commission revenue, sales of goods produced, repair and maintenance revenue, revenue from rental and leasing and other operating revenue.

Inventories: This is the value of goods held for resale in establishments and warehouses within or outside Canada and is owned by the business unit. It includes inventory in transit or out on consignment to others. Excluded are goods held on consignment from others. Inventory data are reported at book value (i.e. the value maintained in the accounting records). The inventories would include any goods on hand resulting from any secondary manufacturing activity by the business unit.

Purchases: This value is total net purchases of goods (gross value less returns, adjustments and discounts) at delivered price (including freight-in, insurance, import duties and other related specific costs). This includes new and used goods purchased for resale, as well as direct labour costs and other direct costs for those business units carrying on secondary activity of a manufacturing nature.

Cost of goods sold: This value represents the cost value of goods sold and recognized in revenue, during the reporting period. It is determined by calculating: the value of opening inventory + purchases - the value of closing inventory.

Wages and salaries of employees: This refers to the total wages and salaries earned by all employees for the year (including head office and warehouse personnel), before deductions for income tax, unemployment insurance, employee social security contributions, etc. It excludes all payments and expenses associated with outside contract workers and employment agencies or personnel suppliers. It also excludes any direct labour costs reported as part of purchases in the calculation of cost of goods sold.

Employer portion of employee benefits: The employer expense portion of employee life and health/dental care plans, CPP/QPP contributions, employer pension contributions, workers' compensation (provincial plan applicable to this business unit), employment insurance premiums, retiring allowances/lump sum payments at termination or retirement. Exclude contributions to provincial health and education payroll taxes, which are reported under "all other operating expenses".

Labour remuneration: This value is obtained by calculating: Wages and salaries of employees + Employer portion of employee benefits.

Gross margin: This value is obtained by calculating: total operating revenue - cost of goods sold.

Operating profit: This value is obtained by calculating: Total operating revenue - cost of goods sold - total operating expenses.

Profit margin: This value is obtained by calculating the operating profit percentage of the total operating revenue.