



SCOTTISH EXECUTIVE

SCOTLAND'S GLOBAL CONNECTIONS SURVEY 2005

Guidance notes for Questionnaire completion

Q3 Total sales of goods and services

The value of sales of goods and services should be provided *excluding* VAT.

SERVICES sales are sales of intangible products. This should include receipts for the right to use franchises, copyrights, licenses, patents, processes, techniques, designs, manufacturing rights, trademarks etc. (unless they have already been included in the contract price of goods) and royalties on printed matter and recordings. Please see overleaf for definitions for particular sectors.

Where sales involve a *combination* of goods and services that cannot be separately valued, or you have no information to provide separate totals, please classify as either goods or services based on the majority of the value.

Q4 Percentage of sales to customers in Scotland, the rest of the UK, EU (Non-UK) and rest of the world.

Rest of UK: England, Wales and Northern Ireland, Channel Islands and Isle of Man, and sales to the Offshore Oil and Gas Industry operating within the UK Continental Shelf.

Customers based in the rest of the UK are those that are not normally resident in Scotland. Direct transactions with companies and individuals in the rest of the UK, or sales to residents of another part of the UK while they are visiting Scotland are both counted. If you do not know exactly what proportion of your custom came from the rest of the UK please provide your best estimate. If all of your activity and all of your customers are in Scotland, please enter 0.

Customers based **outside the UK** are those that are not normally resident in the UK. So, for example, a resident of the USA visiting Scotland and using services would be considered as a customer based outside the UK. As far as possible please allocate sales of goods based on the delivery address, not invoice address if different.

EU: Includes Republic of Ireland, and countries that joined the EU on 1 January 2004 - see section 2 for the full list of EU members.

Q5 Total value of exports

If you answered that you have customers based outside the UK, you should answer this question and count sales to them as exports. Please enter totals to the nearest £000. Values should exclude VAT, and exclude any overseas freight costs and insurance ("free on board" basis).

EXPORTS OF GOODS: the value of sales of products where the first destination is outwith the UK.

EXPORTS OF SERVICES: the provision of services to customers not resident in the UK.

Sales of goods or services to temporary visitors to Scotland should be included as exports. This includes, for example, all purchases made by tourists in shops, bars, restaurants, hotels, leisure facilities etc., fees received from overseas based students and charges to non-residents for other services such as transport, medical and dental fees, hairdressing etc. Where exact amounts are not available, your best estimates would be appreciated.

Definition of EU

Includes Republic of Ireland, and the countries that joined the EU on 1 January 2004 - see section 2 for the full list of EU members.

Q6 Overseas Trade & Activities

a) Exports from Scotland: Please enter totals to the nearest £000. Values should exclude VAT, and exclude any overseas freight costs ("free on board" basis). Please provide figures for individual countries as well as the total for the trading area. If it is impossible to provide a country breakdown, a regional breakdown would still be very helpful. If you cannot provide figures, please indicate which countries you export to.

Sales of goods or services to temporary visitors to Scotland should be included as exports to their country of origin. Where exact amounts are not available, your best estimates would be appreciated.

b) Imports to Scotland:

This includes the import of services from outwith the UK in addition to:

Sourcing - companies who import raw materials to produce a final product;

Value Adding - companies who import near to finished goods but enhance;

and **Distributing** - companies who import to sell in the UK.

c) Definitions of Overseas Relationships:

Answer only if your business headquarters are based in Scotland.

'Subsidiary' - wholly or partly owned by a parent company, i.e. the parent company would hold a controlling interest (i.e. more than 50% of the stock, shares or other equity).

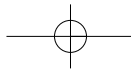
'Sales Office' - the representative's or agents working address.

'Joint venture' - the establishment of a new independent enterprise, with or without equity share. Typically a joint venture has its own distinct identity and separate operation procedures.

'Strategic Alliance' - agreement among individual firms to improve competitive advantage, generally within the context of the firms' long term objectives. This usually takes the form of a formal relationship between two or more non-competing organisations to do business together and make it mutually beneficial to each other.

'Franchise' - specific agreements with individuals/businesses to sell or market goods/services in a very specific way, e.g. franchises can use marketing techniques and product contents that are controlled, specified and supplied by a central franchise holder to ensure that the presentation and quality of the product are consistent. A Franchise agreement will have been signed.

'Other' - examples of other relationships might include: technology licensing (a contract between independent firms to transfer novel technologies, rights or resources); R&D Alliances (agreements to undertake specific tasks which are generally terminated at the completion of these tasks); Outsourcing (generally involves a firm(s) agreeing that other firm(s) should carry out the production of its innovative goods or services); Value Chain Partnerships (are generally long term contracts, transfer of skills, managerial techniques & joint R&D).

**Q8 Company Headquarters**

If your company is Scottish based then answer yes. If the company is based elsewhere, but has administrative offices with **decision making autonomy** relating to the Scottish business in Scotland then please also answer yes. The purpose of the question is to filter out companies where decisions affecting the Scottish operations are not made in Scotland.

Q9 Ultimate ownership

Ultimate country of ownership is where the group headquarters of the owning company are based.

Service sectors – notes on definitions of sales and exports

CONSTRUCTION services are included in exports if they relate to overseas contracts of less than one year which are managed from Scotland and where the employees carrying out the contract are normally based in Scotland.

EDUCATION: Sales by educational institutions refers to income generated from fees, and any income generated from patents, research, copyrights, examinations etc. It should exclude the value of Government grants. Exports of education are fees from overseas students and any other income from outside the UK.

FINANCIAL SERVICES: Sales of *bank and building society* services are defined as net interest received plus charges (including all commissions and fees) and earnings on foreign exchange transactions. *Fund management* companies should count fees generated through investment management fees and fees generated from advisory and other related functions. Exports are fees from outwith the UK and are net of foreign expenses. *Securities dealers* should provide spread earnings (dealing profits less holding gains), with earnings from overseas being counted as exports. *Insurance* sales relate to insurance service charges i.e. premiums minus claims, for direct insurance such as health, property and transport insurance; exports of these refer to the relevant balances with overseas customers. *Life insurance* sales cover the underwriting services associated with long-term policies, and *pension fund services* include the service charges associated with pension schemes.

HEALTH AND PERSONAL SERVICES PROVISION OF SERVICES SUCH AS HEALTH, DENTAL OR OPTICIAN TREATMENT, HAIRDRESSING, BEAUTY AND SPA TREATMENTS ETC. TO NON-RESIDENTS COUNT AS EXPORTS OF THESE SERVICES. TOTAL SALES INCLUDE ALL FEES RECEIVED FOR PROVISION OF TREATMENT. ONLY PRIVATE FEES AND NOT RESOURCES PROVIDED BY THE NHS SHOULD BE INCLUDED.

HOTELS, RESTAURANTS AND CATERING It would be most helpful if you could **estimate** the percentage of your sales that come from customers who live outwith Scotland in Q4 & Q5 if possible even if you cannot supply the detailed information in question 6.

OIL & GAS: the value of sales of crude petroleum and natural gas should NOT be included on this return as these are classified as sales from the UK as a whole under National Accounting principles. The value of sales of service activities incidental to oil and gas extraction such as test drilling, test hole boring, pumping of wells, cementing of oil and gas well casings etc. should be included.

RETAIL Exports from retail include all sales to tourists and other visitors to Scotland, as well as online sales, shipped products and sales with reclaimable VAT. Although it may not be possible to identify all of these precisely, your best estimate of the percentage of sales to each area would be appreciated. Even if you cannot complete section 2, it would be most helpful if you could complete section 1.

TRANSPORT SERVICES Where your business provides transport of freight, the charges for this service are considered as your sales (the value of freight should not be included). If you are transporting exports from the UK overseas, the money earned from this service is considered as an export. Likewise, if you are transporting goods from Scotland to the rest of the UK, this counts as a sale of your service to the rest of the UK. Passenger transport services covers revenue from passenger tickets and expenditure in transit, and purchases of these by non-residents are exports. Please estimate these as best you can. Also included are transport charters with crew to non-residents. All payments received by Scottish airports, port authorities and other service companies from overseas airlines, ships or others are counted as exports. Rental of cars and other transport equipment to non-residents are exports.

