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Rural Canada Business Profiles Database 2017-2019

Metadata and user guide

Business Analytics and Research (BAR)
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User Information

Symbols

The following standard symbols are used in Statistics Canada publications:

.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
^{p}	preliminary
^{r}	revised
x	suppressed to meet the confidentiality requirements of the Statistics Act
^{E}	use with caution
F	too unreliable to be published
*	Significantly different from reference category ($p < 0.05$)

Acronyms & Abbreviations

CRA	Canada Revenue Agency
StatCan	Statistics Canada
BR	Business Register
BN	Business Number
OEN	Operating Entity Number
SGC	Standard Geographical Classification
CMA/CA	Census Metropolitan Area/Census Agglomeration
NAICS	North American Industry Classification System

Table of Contents

Table of figures

Table of tables

1 Introduction

Small and medium-sized enterprises (SMEs) are businesses that play a central role in the Canadian economic landscape, as they are the engines to both rural and urban economies. In rural areas, as elsewhere, SMEs are important in job creation and are critical to supporting economic and social well-being. The Rural Canada Business Profiles database (RCBP) provides data on counts and key financial indicators of SMEs with a theme classification by rural[1] and urban areas of Canada. The RCBP has a similar methodology to the Financial Performance Data (FPD). In contrast to the FPD, the RCBP notably features a rural and urban breakdown.[2] This first release of the database, the RBCP 2017-2019, is based on data for the three years from 2017 to 2019.[3] The RBCP database is a tool that can be used for multiple purposes, e.g., benchmarking, by rural stakeholders such as businesses, levels of government, researchers, rural residents and others in the general public.

This document presents the database structure, data sources, methods and classification concepts used in the production of the RCBP. It accompanies the release of the RCBP 2017-2019 version of the database.

2 Database structure and contents

The database contains two sets of calculations, one revenue-based, and the other, profit margin-based, and provides data by quartiles by revenue or profit margin. Some of the main variables in the RBCP are those in the following main categories:

- Counts of businesses
- Revenue breakdowns
- Expense breakdowns
- Balance sheet[4] items (assets, liabilities, equity breakdowns)
- Financial ratios

Data are arranged, as feasible, by:

- Small or medium size of business by annual revenues
- Various levels of geography (Canada, region, province/territory)
- Rural and urban areas
- Industry
- Incorporation status
- Profitable and non-profitable businesses

[1] The definition of rural areas used in the RBCP is all areas outside of CMAs and CAs. See Statistics Canada's Standard Geographical Classification 2016 (SGC 2016) at Standard Geographical Classification (SGC) 2016 - Volume I, The Classification (statcan.gc.ca)

[2] For further information regarding the Financial Performance Data (FPD), see: Home - Financial performance data (ic.gc.ca)

[3] There is a lag between the publication of the RCBP and the latest reference year available in it due to the need for initial product development and processing time.

[4] The balance sheet summarizes a business assets, liabilities and shareholders' equity at a specific point in time. It is one of the fundamental documents that make up a company's financial statements. The combination of assets, liabilities and shareholder equity tells investors what the company owns and owes and how much money shareholders have invested in it. The notes to the financial statements explain any assumptions made during the preparation of the balance sheet. Accountants will indicate if the statement has been prepared according to the International Financial Reporting Standards. For further details, see : What is a balance sheet | BDC.ca

The definitions of small businesses and medium businesses and other classifications or concepts used in the RCBP are provided in section 3.

Cross-tabulations are provided for some of the classifications. All regions across Canada and all industries, except finance and insurance (NAICS 52)[5] and public administration (NAICS 91), are included. A quality indicator is provided for each value.

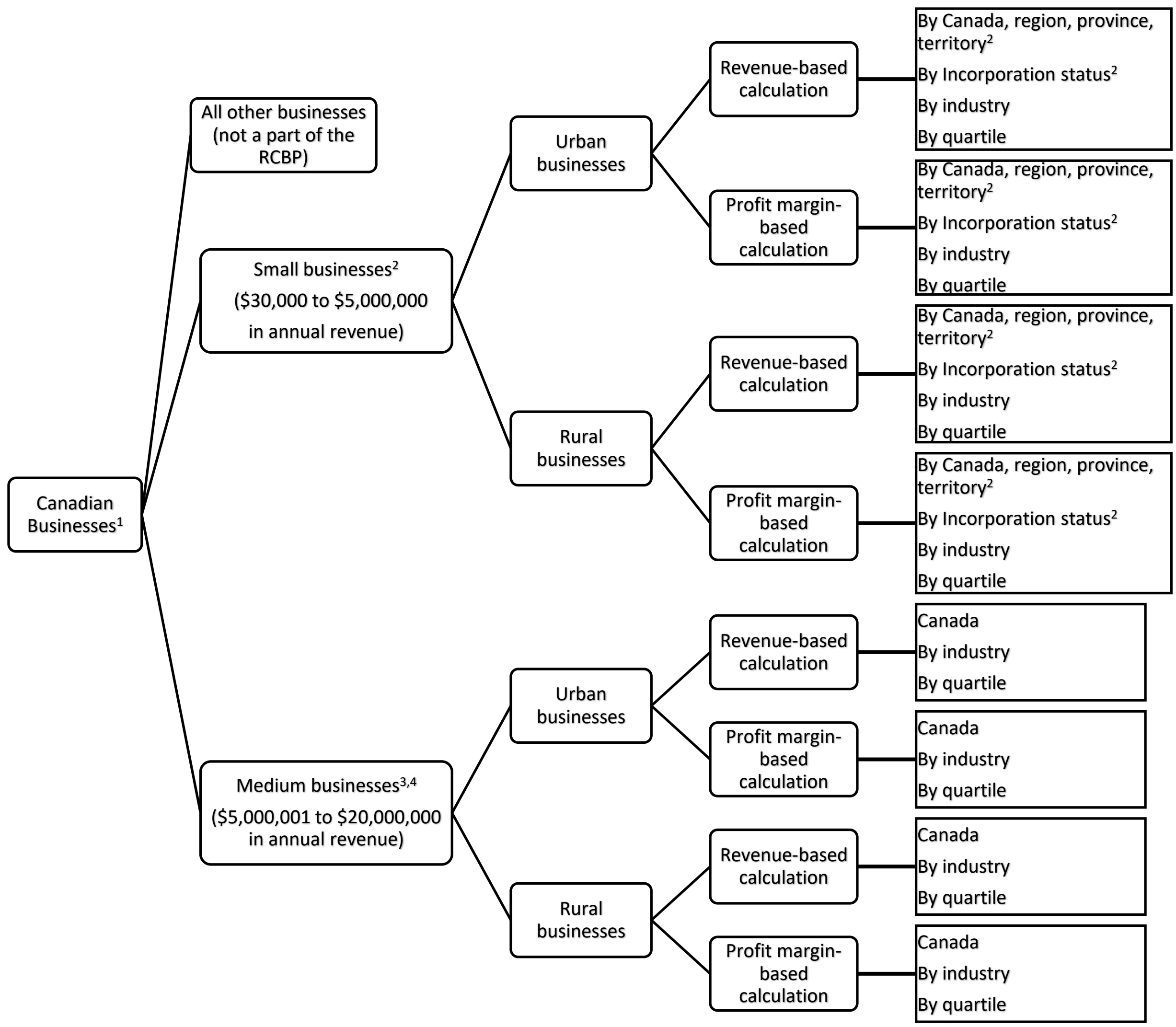
All variables in the RCBP, other than counts, are calculated based on revenues and based on profits and presented, respectively, in separate revenue-based and profit-based tables. Revenue-based calculations refer to arranging businesses of the applicable grouping[6] by their revenues in ascending order and then dividing into four quartiles, while profit-based calculations refer to the same procedure using profits. Variable values are provided as quartiles in a separate table for each type, i.e., revenue- or profit-based table, as well as presented for all businesses together without regard to quartiles.

To illustrate the structure of the database, Figure 1 provides an overview of the different classifications and variables available in the RCBP.

[5] For further details regarding North America Industries classification System (NAICS), see: North American Industry Classification System (NAICS) Canada 2017 Version 3.0 (statcan.gc.ca)

[6] Businesses groupings are by the classification attributes used in the RCBP, i.e., by size, industry, rural or urban area, and, if applicable, incorporation status and geography.

Figure 1 Structure of the RCBP



1. Includes all businesses that have submitted a Canadian tax return for the reference tax year.
2. Small businesses are classified by incorporation status into two groups: unincorporated and incorporated businesses. Data are also provided for the sum of these two categories.
3. As all medium businesses are incorporated, there are no breakdowns by incorporation status.
4. Province/territory breakdowns are not provided for medium businesses to protect confidentiality.

3 Data sources

3.1 Canada Revenue Agency business tax returns data

The Canada Revenue Agency (CRA) collects and compiles business income tax returns (T1[7] and T2[8]) information filed by Canadian businesses. The CRA shares this information with Statistics Canada. The RCBP uses these annual data to produce variable values for target reference year(s). Aligning with tax data, a reference year for RCBP runs from January 1 to December 31.

The RCBP uses data from two tax forms (see section 0 for further details):

- T1: T1 tax returns are filed annually by unincorporated businesses, inclusive.
- T2: T2 tax returns are filed annually by small and medium-sized incorporated businesses. T2 data available at Statistics Canada include geographical and industrial classifications.

3.2 Statistics Canada's Business Register

Statistics Canada's Business Register (BR) is a comprehensive and up-to-date list of businesses in Canada. It contains business information such as location, business number (BN), a unique operating entity number (OEN). The BR also contains a business's CRA tax returns data, such as revenues and expenses.

4 Reference period of the RCBP 2017-2019 database

For this first release, the RCBP 2017-2019 database includes data for the following reference years: 2017, 2018, and 2019. Each reference year corresponds to a tax year, which is the same as a calendar year, starting on January 1 and ending on December 31.

5 In-scope businesses

The RCBP includes all businesses that:

- were active in the 2017-2019 reference period and filed a T1 or T2 CRA tax return
- had annual revenues of $30,000 to $20,000,000, inclusive
- had geographical and industrial classifications information available on the BR

6 Compilation methodology

This section provides an overview of the processing performed to compile the database from the source data files. The tables contained in the RCBP are organized arranged to the classification structure presented in Figure 1 above.

[7] For further information regarding T1 data, see: Surveys and statistical programs - Income and Financial Data of Individuals, Preliminary T1 Family File (statcan.gc.ca)
[8] For further information regarding T2 data, see: Corporation income tax return - Canada.ca

6.1 Merging data sources

In this step, the CRA tax data are merged with BR data using a common unique identifier. The CRA Business Number (BN)[9] is used for this purpose. A Statistics Canada unique identifier associated with each BN, known as the Operating Entity Number (OEN) is then used in subsequent steps.

6.2 Classification of businesses with subsidiary businesses or multiple locations

In the RCBP, businesses with one or more subsidiaries or with more than one location were classified according to the industry, location and size of the parent business. Variable values reflect those for the entire business structure.

6.3 Classification by total annual revenues

Businesses included in the RCBP database are classified as small businesses or medium businesses. This is based on a business's total annual revenues according to the following criterion:

- Small businesses: this group includes all businesses operating in Canada reporting total annual revenues between $30,000 and $5,000,000 (inclusive).
- Medium businesses: this group includes all businesses operating in Canada reporting total annual revenues between $5,000,001 and $20,000,000 (inclusive). Owing to the lower counts of medium businesses, the RCBP only provides national level tables for such businesses in order to be able to protect confidentiality. Rural and urban breakdowns at the Canada level are provided for medium businesses, but no provincial/territorial breakdowns in order to protect confidentiality of identifiable businesses.

6.4 Classification by geography and geographic levels in the RCBP

Statistics Canada's Standard Geographic Classification 2016 (SGC)[10] was used for geographic classification. Businesses were classified based on the region of their location. Businesses with multiple locations were classified to the region in which the parent business was located.

Small businesses were classified for tabulation at the following geographic levels (plus rural or urban):

- Canada
- Provinces and territories
- Regions: *Atlantic* includes: Prince Edward Island, Newfoundland and Labrador, Nova Scotia and New Brunswick; *Prairies* include: Manitoba, Saskatchewan and Alberta; *Territories* include: Nunavut, Northwest Territories and the Yukon.

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[9] CRA Business Number is a unique 9-digit standard identifier of a business or legal entity assigned by CRA. For further information, see: [When you need a business number or Canada Revenue Agency program accounts - Canada.ca]

[10] See Statistics Canada's Standard Geographical Classification 2016 (SGC 2016) at: [Standard Geographical Classification (SGC) 2016 - Volume I, The Classification (statcan.gc.ca)]

Medium businesses were classified for tabulation only at the Canada level (plus rural or urban).

6.5 Rural or urban classification

In the RCBP, CSDs located outside Census Metropolitan Areas/Census Agglomerations (CMA/CAs) according to the SGC 2016 are classified as "rural", while those located inside CMA/CAs, as "urban". The BR contains the location of each business. Based on whether a business location's CSD in the BR was rural or urban, it was aggregated into one of these categories:

- a business whose location was in a rural CSD, i.e., a CSD outside CMA/CAs, was classified as rural
- a business whose location was in an urban CSD, i.e., a CSD inside a CMA/CA, was classified as urban

6.6 Classification by incorporation status

Small businesses were classified into three sub-groups according to their incorporation status:

- Unincorporated businesses, i.e., those that filed a T1 tax return
- Incorporated businesses, i.e., those that filed a T2 tax return
- The RCBP also provides tables for all small businesses, i.e., by combining T1 and T2 small business filers

All medium businesses are incorporated.

The following provides a brief description of unincorporated and incorporated businesses.

- Unincorporated businesses: These businesses are usually sole proprietorships or partnership companies. The owner(s) personally bear(s) all liabilities of the business.

  - A sole proprietorship[11] is owned by one individual. It is the simplest kind of business structure. The owner of a sole proprietorship has sole responsibility for making decisions, receives all the profits, claims all losses, and does not have separate legal status from the business. A sole proprietor assumes all the risks of the business. The risks extend even to owner personal property and assets.
  - A partnership[12] is an association or relationship between two or more individuals, corporations, trusts, or partnerships that join together to carry on a trade or business. Each partner contributes money, labour, property, or skills to the partnership. In return, each partner is entitled to a share of the profits or losses of the business. The business profits (or losses) are usually divided among the partners based on the partnership agreement.

[11] For further information regarding sole proprietorship, see : Sole proprietorship - Canada.ca
[12] For further information regarding partnership, see : Partnership - Canada.ca

- Incorporated businesses: An incorporated business,[13] or a corporation, is a separate legal entity from the business owner(s). Incorporation of a business limits the liability of its owner(s).[14] When incorporated, a business becomes a separate legal entity, and the corporation, not the owner(s), is generally liable for its debts and obligations.

  - Some other advantages to incorporating a business include: the ability to borrow money in the business's name, access to credit available to corporations, the ability to own property in business's name, and a set of options for continuity of the business as the ownership changes.

6.7 Classification by industry and industry levels in the RCBP

Businesses are classified by industry using the business's North American Industry Classification System (NAICS) 2017[15] industry assignment on the BR. The structure of the NAICS classification is hierarchical, using a code that is between 2 and 6 digits long depending on the level of the hierarchy. This is shown in Table 1. The RCBP tables are at the sector and sub-sector levels, i.e., 2-digit and 3-digit NAICS. The RCBP includes all industry sectors except Finance and insurance (52) and Public administration (91) at the 2-digit (sector) level, as well as the subsectors within these two sectors.

Table 1 NAICS hierarchy structure

Code	Hierarchical level
11	Sector
111	Subsector
1111	*Industry group*
11111	*Industry*
111110	*Canadian industry*

For businesses with operations in multiple industries, the RCBP reports information by the industry of the parent business.

6.8 Presentation by quartiles

Values are presented as averages for all businesses as well as for quartiles of businesses arranged by size of annual revenues and size of annual profits.

6.9 Imputation

Imputation is a process by which records with missing or inconsistent data are assigned values based on

[13] For further information regarding incorporated business, see: What Is the Difference Between Incorporated & Unincorporated Businesses? (chron.com)
[14] For further information regarding incorporated business, also see : Incorporation documents - Canada.ca
[15] For further information regarding The North American Industry Classification System (NAICS) 2017, see: North American Industry Classification System (NAICS) Canada 2017 Version 3.0 (statcan.gc.ca)

data from records with more complete data. In general, this is done in two cases, when a value is not reported or when the reported value is deemed to be outside the limits of statistically consistent values. Quality indicators (see next subsection) are a measure of the amount of imputation contributing to a given value.

6.10 Quality Indicators

Values of one or more variables may be missing in the data for a given business. When values are missing, the RCBP uses imputation, as indicated in the previous subsection. Such instances can have an impact on the quality of the variable value in the aggregates of which such a business is a contributor. In order to provide to users an indication of the quality or accuracy of each aggregate, a letter indicator of quality is added. The letters carry the following interpretation:

A: Excellent
B: Very good
C: Good
D: Acceptable
E: Use with caution

6.11 Disclosure control and confidentiality protection

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the *Statistics Act*[16] that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Given the high degree of granularity in the RCBP database (rural or urban, industry, size of business, etc.), some values needed to be suppressed to protect the confidentiality of the businesses contributing to that aggregate. Data suppression was applied using a hierarchy-aware privacy program developed by Statistics Canada (G-Confid). This process results in two kinds of suppression:

- Primary suppression: there are a small number of businesses contributing to the value of a cell; or, that a cell value is dominated by one or more businesses.
- Secondary suppression: another cell is suppressed to protect the value of a primary suppressed cell so that a higher level aggregate can be published. For example, if the value of a variable for a single industry in a rural area in a particular province is suppressed for primary suppression, a second industry will also have its value suppressed in order to avoid the suppressed value being derived

[16] The Statistics Act gives Statistics Canada the authority to "collect, compile, analyze, abstract, and publish information on the economic, social and general conditions of the country and its citizens. for further information, See : [Statistics Act (justice.gc.ca)]

from the provincial total.

Data cells suppressed in the RCBP for confidentiality reasons are represented by a lowercase 'x'.

7 Revision strategy and possible future release of subsequent reference years

Data released in the RCBP for a given reference year are final and are not be subject to updates or revisions. As of this release, Statistics Canada expects to update the RCBP annually as new tax data become available and are processed for the RCBP.

8 Downloading the Rural Canada Business Profiles

For ease of download, the RCBP database is provided as a compressed comma-separated values (CSV) file and Excel workbook (XLSX).

Contents of downloadable compressed file

The RCBP 2017-2019 database is available as four compressed folders that contain the data files in csv and Excel formats by table for each reference year (2017, 2018, and 2019) in the database. The tables contained in each compressed folder are listed below (the reference year is indicated as *Refyear* in the folder name in the list below):

- ***Refyear*_Small businesses_Total revenue based** compressed folder: seven tables for small businesses with calculations based on total revenue. Includes a PDF document that contains a list of the tables contained in the folder, useful notes and information.

  This compressed folder contains the following tables:

  - Table 1 - Small Business Profiles: Total revenue and selected other revenue variables, Canada, regions and provinces/territories, reference year.
  - Table 2 - Small Business Profiles: Selected expense items as a percent of total revenue, Canada, regions and provinces/territories, reference year.
  - Table 3 - Small Business Profiles: Selected expense items values, Canada, regions and provinces/territories, reference year.
  - Table 4 - Small Business Profiles: Balance sheet items, incorporated businesses, Canada, regions and provinces/territories, reference year.
  - Table 5 - Small Business Profiles: Financial ratios, incorporated businesses, Canada, regions and provinces/territories, reference year.
  - Table 6 - Small Business Profiles: Financial ratios, unincorporated and total businesses, Canada, regions and provinces/territories, reference year.
  - Table 7 - Small Business Profiles: Selected profitable or non-profitable businesses items, Canada, regions and provinces/territories, reference year.

- ***Refyear*_Small businesses_Profit margin based** compressed folder: seven tables for small businesses with calculations based on profit margin. Includes a PDF document that contains a list of the tables contained in the folder, useful notes and information.

  This compressed folder contains the following tables:

  - Table 1 - Small Business Profiles: Total revenue and selected other revenue variables, Canada, regions and provinces/territories, reference year.
  - Table 2 - Small Business Profiles: Selected expense items as a percent of total revenue, Canada, regions and provinces/territories, reference year.
  - Table 3 - Small Business Profiles: Selected expense items values, Canada, regions and provinces/territories, reference year.
  - Table 4 - Small Business Profiles: Balance sheet items, incorporated businesses, Canada, regions and provinces/territories, reference year.
  - Table 5 - Small Business Profiles: Financial ratios, incorporated businesses, Canada, regions and provinces/territories, reference year.
  - Table 6 - Small Business Profiles: Financial ratios, unincorporated and total businesses, Canada, regions and provinces/territories, reference year.
  - Table 7 - Small Business Profiles: Selected profitable or non-profitable businesses items, Canada, regions and provinces/territories, reference year.

- ***Refyear*_Medium businesses_Total Revenue based** compressed folder: five tables for medium businesses with calculations based on total revenue. Includes a PDF document that contains a list of the tables contained in the folder, useful notes and information.

  This compressed folder contains the following tables:

  - Table 1 - Medium Business Profiles: Total revenue and selected other revenue variables, Canada, reference year.
  - Table 2 - Medium Business Profiles: Selected expense items as a percent of total revenue, Canada, reference year.
  - Table 3 - Medium Business Profiles: Selected expense items values, Canada, reference year.
  - Table 4 - Medium Business Profiles: Balance sheet items, incorporated businesses, Canada, reference year.
  - Table 5 - Medium Business Profiles: Financial ratios, incorporated businesses, Canada, reference year.

- ***Refyear*_Medium businesses_Profit margin based** compressed folder: five tables for medium businesses with calculations based on profit margin. Includes a PDF document that contains a list of the tables contained in the folder, useful notes and information.

  This compressed folder contains the following tables:

  - Table 1 - Medium Business Profiles: Total revenue and selected other revenue variables, Canada, reference year.

- Table 2 - Medium Business Profiles: Selected expense items as a percent of total revenue, Canada, reference year.
- Table 3 - Medium Business Profiles: Selected expense items values, Canada, reference year.
- Table 4 - Medium Business Profiles: Balance sheet items, incorporated businesses, Canada, reference year.
- Table 5 - Medium Business Profiles: Financial ratios, incorporated businesses, Canada, reference year.

9 Data dictionary

A comprehensive list of variables included in the RCBP and their definitions are provided below.

Variable/item	Description
Accounts receivable	This category includes all claims against debtors arising from the sale of goods and services and any other miscellaneous claims with respect to non-trade transactions. It excludes loan receivables and amounts receivable from related parties.
Advertising and promotion	This category includes all advertising expenses, such as promotions, signs, window dressings and catalogues.
All other revenues	This category includes revenue from interest, dividends, commissions, rent and other sources of revenue.
Amortization and depletion	This category includes allocation of the cost of revenue-producing assets (that is expected to last more than a year) among the life of the asset. The items that correspond to this amortization and depletion definition are amortization on capital assets and the amount of amortization on capital cost.
Averages	The financial performance data provide financial data (income statement and balance sheet items) based on industry averages by each quartile grouping.
Closing inventory	This is the value of inventory at the end of the reporting period.
Collection period for accounts receivable	It is the estimate of the average number of days it takes to collect receivables from the day of the transaction. It is calculated as (accounts receivable) / (average daily revenue). Average daily revenue is calculated as (total revenue) / (365 days). This ratio measures liquidity by indicating the effectiveness of the credit and debt collection activities of the business. Increases in the collection period indicate an increasing time lag between credit sales and cash realization. This ratio is not very relevant for financial, construction and real estate industries. It can also be calculated as (365 days) / (accounts receivable turnover). Accounts receivable turnover is calculated as sales revenue (on account) / (average trade accounts receivable).
Cost of sales (direct expenses)	This category includes direct costs incurred by businesses from the process of selling goods. This item is calculated as wages and benefits + purchases, materials and subcontracts + opening inventory - closing inventory.

Current bank loans	This category includes all short-term loans and notes payable to Canadian banks and foreign bank subsidiaries, with the exception of loans from foreign banks, loans secured by real estate mortgages, bankers' acceptances, bank mortgages and the current portion of long-term bank loans.
Current debt to equity	This ratio is calculated as (current liabilities * 100) / (equity). This percentage is a measure of liquidity, which indicates a firm's relative ability to pay its short-term debts. The lower the positive ratio, the more liquid the business. This ratio also provides information on the capital structure of a business and the extent to which a firm's capital is financed through current debt. This ratio is relevant for all industries.
Current ratio	This ratio indicates the firm's ability to pay liabilities with current assets. It is calculated as (total current assets) / (total current liabilities). The larger the ratio, the more liquid the business. It is not very relevant for financial, construction and real estate industries. This ratio is also known as the working capital ratio.
Debt ratio	This ratio is calculated as (total liabilities) / (total assets). It is a solvency ratio indicating a firm's ability to pay its long-term debts. It reports the amount of debt outstanding in relation to the amount of capital. The lower the ratio, the more solvent the business.
Debt to equity ratio	This ratio is calculated as (total liabilities) / (total equity). This is a solvency ratio that indicates a firm's ability to pay its long-term debts. The lower the positive ratio, the more solvent the business. The debt to equity ratio also provides information on the capital structure of a business—the extent to which a firm's capital is financed through debt. This ratio is relevant for all industries.
Delivery, shipping and warehouse expenses	This category includes expenses for delivery, shipping, courier and distribution services used by businesses, with the exception of those in the transportation industry, which are included in purchases and materials.
Gross margin	This margin is calculated as (sales of goods and services - costs of sales * 100) / (sales of goods and services). This percentage provides a relative measure of the profitability or profit margin.
Insurance	This category includes all types of insurance, such as bonding, car insurance, fire and liability insurance, and premium expenses.
Interest and bank fees	This category includes all interest expenses and discounts paid by the business, such as real estate mortgages, chattel mortgages, mortgage bonds, advances and demand loans, and bank interest.
Interest coverage ratio	This ratio is calculated as (net profit + interest and bank fees) / (interest and bank fees). It represents the average number of times that interest owing is earned and, therefore, indicates the debt risk of a business. The larger the ratio, the more able a firm is to cover its interest obligations on the debt. This ratio is not very relevant for financial industries. It is also known as "times interest earned ratio."

Labour and commissions	This category includes remuneration paid to the employees of the business not shown in the cost of sales (direct expenses) that include salaries and wages.
Long-term assets	This category includes all other assets not recorded elsewhere, such as long-term bonds.
Long-term liabilities	This category includes all obligations that are not reasonably expected to be liquidated within the normal operating cycle of the business but, instead, are payable at some date beyond that time. It includes obligations such as long-term bank loans and notes payable to Canadian chartered banks and foreign subsidiaries, with the exception of loans secured by real estate mortgages, loans from foreign banks, bank mortgages and other long-term liabilities.
Net fixed assets to equity	This ratio is calculated as (net fixed assets * 100) / (equity). Net fixed assets represent long-term investments. This percentage indicates the relative capital investment structure.
Net profit or loss	It is the profit or loss resulting from normal business operations recorded before income taxes, extraordinary items and other income unrelated to normal operations. For unincorporated firms, the owners' or partners' salaries and withdrawals are included.
Net profit to equity	This ratio is calculated as (net profit * 100) / (equity). This percentage indicates the profitability of a business. It relates the business income to the amount of investment committed to earning that income. This percentage is also known as "return on investment" or "return on equity." The higher the ratio, the relatively better the profitability.
Net tangible and intangible assets	It entails the tangible or intangible property held by businesses for use in the production or supply of goods and services or for rental to third parties in the regular operations of the business. It excludes assets intended for sale. Examples of such items are facilities, equipment, patents, goodwill, etc. The valuation of net fixed assets is recorded net of accumulated depreciation, amortization and depletion.
Non-profitable businesses	They are businesses for which expenses exceed revenue.
North American Industry Classification System (NAICS)	It is Statistics Canada's standardized coding system for grouping businesses engaged in similar types of activity into non-overlapping industry categories. The first two digits designate the sector, the third digit designates the subsector, the fourth digit designates the industry group and the fifth digit designates the industry.
Opening inventory	This is the value of inventory carried over from the previous reporting period and used to calculate average inventory. It also helps determine the cost of goods sold and includes tangible assets held for sale in the ordinary course of business, goods in the process of production for such sale or materials to be consumed in the production of goods and services for sale. It excludes assets

	held for rental purposes.
Operating expenses (indirect expenses)	This category includes all expenses incurred in the course of running the business. It includes remuneration paid as labour and commissions, amortization and depletion, repair and maintenance costs, utility fees and telephone and telecommunication fees, rent, interest and bank fees, professional and business fees, advertising and promotional costs, delivery fees and shipping and warehouse expenses, insurance costs, and other indirect expenses.
Other current assets	This category includes all current assets not accounted for in accounts receivable and closing inventory.
Other indirect expenses	This category includes all other expenses, such as bad debts, laundry and cleaning expenses, beverage licences, business charges and taxes, interest on taxes, fines and penalties, business taxes, permits, membership expenses, crew share expenses, fishing gear expenses, insurance expenses, meal and entertainment expenses, net and trap expenses, office expenses, office stationery and supply expenses, property tax expenses, salt bait and ice expenses, travel expenses, vehicle expenses, and other expenses.
Percentage of businesses reporting	It is the percentage of businesses represented in the sample reporting an expense item on their tax return.
Professional and business fees	This category includes all expenditures for external professional advice or services, such as accounting fees, legal fees, management fees and incorporation fees.
Profitable businesses	These are businesses for which revenue is equal to or exceeds expenses during the reference period.
Purchases, materials and subcontracts	This category includes purchases used to produce revenue for product sales, land costs, land purchased for resale and other recorded direct costs, including costs incurred by businesses that hire outside firms to perform special trade tasks.
Quality indicators	These indicators provide data users with information on the accuracy of published estimates. Although, as for a census, estimates are not subject to sampling error, the quality of displayed values is still subject to other factors, including imputation. Imputation is a process whereby records with missing data are assigned values based on the data of records with more complete data. It is performed in two cases: when a data point reported by a business is judged to fall outside the limits of statistically coherent values or when a business fails to itemize all or part of the required information. Imputation methods used by Statistics Canada include, but are not limited to, historical imputation, donor imputation and generic-to-detail allocation. The quality indicators below represent a measure of the amount of imputation contributing towards a given value. A (excellent); B (very good); C (good); D (acceptable); E (use with caution)

Quartiles	Quartiles are the whole of the small and medium-sized businesses that operate within the selected industry distributed into four groups (quartiles) of the same size based on levels of revenue or profit margin generated. Each profile contains groupings within the whole revenue or profit margin range. To define the quartiles, the businesses are first ranked from the lowest to the highest operating revenue or profit margin. Then, the sample is divided into four parts: a bottom quartile, a lower-middle quartile, an upper-middle quartile and a top quartile. The bottom quartile consists of the 25% of businesses with the lowest reported operating revenue or profit margin. The lower-middle quartile consists of the 25% of businesses with reported operating revenue above the cut-off for the bottom quartile and below the median revenue or profit margin level. The upper-middle quartile consists of the 25% of businesses with reported operating revenue or a profit margin above the median revenue level and below the cut-off for the top quartile. The top quartile consists of the 25% of businesses with the highest reported operating revenue or profit margin.
Rent	This category includes all rental expenditures paid to other companies or agencies for the use of land, offices, buildings, machinery and equipment, but excludes capital leases.
Repairs and maintenance	This category includes costs related to new or replacement parts or to the restoration of facilities and machinery to keep properties in good working condition.
Return on total assets	This return is calculated as (net profit + interest and bank fees) * 100 / (total assets). Also known as “return on total investment,” it is a relative measure of profitability and is defined as the rate of return earned on the investment of total assets by a business. It reflects the combined effect of both the operating and the financing or investing activities of a business. The higher the percentage, the better the profitability.
Revenue to closing inventory ratio	This ratio is calculated as (total revenue) / (closing inventory). This is an efficiency ratio that indicates the average liquidity of the inventory or whether a business has over- or under-stocked inventory. This ratio is also known as “inventory turnover” and is often calculated using “cost of sales (direct expenses)” rather than “total revenue.” This ratio is not very relevant for financial, construction and real estate industries.
Revenue to equity ratio	This ratio is calculated as (total revenue) / (equity). It indicates the profitability of a business, relating the total business revenue to the amount of investment incurred to earn this income. This ratio provides an indication of the economic productivity of capital.
Rural business	It is a business that is not located within a census metropolitan area (CMA) or a census agglomeration (CA).
Sales of goods and services	This category includes revenue from the sales of goods and services.

Total assets	These are all resources controlled by a business as a result of past transactions or events from which future economic benefits may be obtained.
Total current assets	These are the total of cash and other resources expected to be liquidated, sold or consumed within one year or within the normal operating cycle of the business, whichever is longer.
Total current liabilities	These are obligations expected to be paid within one year or within the normal operating cycle, whichever is longer. Current liabilities are generally paid out of current assets or through the creation of other current liabilities. Examples of such liabilities include accounts payable and advances from customers.
Total equity	It is the net worth of a business and includes elements such as the value of common and preferred shares and earned, contributed and other surpluses.
Total expenses	This category includes all expenses incurred by a firm to generate revenues in the normal operation of the business. This item comes directly as the total expenses from tax forms.
Total liabilities	They are the obligations of a business arising from past transactions or events, the settlement of which may result in the transfer of assets, provision of services or other yielding of future economic benefits.
Total revenue	This category includes revenue from the sale of goods and services, interest, dividends, commissions, rent and other sources of revenue. It excludes capital gains or losses, extraordinary gains or losses and equity in net income of related parties.
Urban business	It is a business located within a census metropolitan area (CMA) or census agglomeration (CA).
Utilities and telephone or telecommunication services	This category includes expenses for heat, lighting, water, and telephone and telecommunication services for the location where the business operates, as well as expenses for the electricity or fuel used to power its factory or plant.
Wages and benefits	This category includes wages and benefits paid to employees that are shown in the cost of sales (direct expenses).