

Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (Text with EEA relevance)

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ANNEX A

CHAPTER 1

GENERAL FEATURES AND BASIC PRINCIPLES

GENERAL FEATURES

- 1.01 The European System of Accounts (hereinafter referred to as 'the...)
- 1.02 The predecessor of the ESA 2010, the European System of...
- 1.03 The structure of this manual is as follows. Chapter 1...
- 1.04 Chapter 13 describes the purposes, concepts and compilation issues in...
- 1.05 The structure of the ESA 2010 is consistent with the...
- 1.06 The ESA framework consists of two main sets of tables:...
- 1.07 The sector accounts provide, by institutional sector, a systematic description...
- 1.08 The input-output framework, through the supply and use tables, sets...
- 1.09 The ESA 2010 encompasses concepts of population and employment. Such...
- 1.10 The ESA 2010 is not restricted to annual national accounting,...
- 1.11 The ESA 2010 exists alongside the 2008 SNA because of...
- 1.12 In order that levies and benefits are distributed according to...
- 1.13 Given the very large sums of money involved in the...
- 1.14 The ESA 2010 concepts are in several instances more specific...
- 1.15 An example of where it has been considered necessary to...
Globalisation
- 1.16 The increasingly global nature of economic activity has increased international...

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1.17 All of these increasingly common aspects of globalisation make the...

USES OF THE ESA 2010

Framework for analysis and policy

1.18 The ESA framework can be used to analyse and evaluate:...

1.19 For the EU and its Member States, the figures from...

Characteristics of the ESA 2010 concepts

1.20 In order to establish a balance between data needs and...

1.21 The concepts in the ESA 2010 are internationally compatible because:...

1.22 The concepts in the ESA 2010 are harmonised with those...

1.23 The shared concepts used throughout the national accounting framework and...

1.24 The concepts in the ESA 2010 are applied with data...

1.25 However, the data needed for national accounts statistics may not...

1.26 Nevertheless, administrative data sources meet the data needs of national...

1.27 The main concepts in the ESA are well-established and fixed...

1.28 The concepts in the ESA 2010 are focused on describing...

1.29 The scope of the concepts in the ESA can be...

1.30 The following fall outside the production boundary, and shall not...

1.31 The ESA records all outputs that result from production within...

1.32 If activities are regarded as production and their output is...

1.33 The ESA also lays down conventions, concerning:

Classification by sector

1.34 Sector accounts are created by allocating units to sectors and...

1.35 It is important that clear and robust criteria for allocating...

1.36 Control is defined as the ability to determine the general...

1.37 Differentiating between market and non-market, and so, for public sector...

1.38 The detail in the conceptual framework of the ESA offers...

1.39 Flexibility exists also through the possibility to introduce additional criteria...

Satellite accounts

1.40 For some data needs, separate satellite accounts should be drawn...

1.41 Satellite accounts serve such data needs by:

1.42 A social accounting matrix (SAM) is a matrix presentation that...

1.43 In satellite accounts, all basic concepts and classifications of the...

1.44 In general terms, the central framework does not include measures...

1.45 Satellite accounts enable such statistics in non-monetary units to be...

1.46 The central framework and its major aggregates do not describe...

1.47 The extended accounts can also reclassify the final expenditure on...

1.48 In order to attain a consistent, internationally compatible framework, administrative...

1.49 A similar approach could be taken for concepts used in...

The ESA 2010 and the 2008 SNA

1.50 The ESA 2010 is based on the concepts of the...

The ESA 2010 and the ESA 95

1.51 The ESA 2010 differs in scope as well as in...

1.52 The changes in the ESA 2010 in comparison with the...

BASIC PRINCIPLES OF THE ESA 2010 AS A SYSTEM

1.53 The main characteristics of the system are:

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Statistical units and their groupings

- 1.54 The ESA 2010 system uses two types of unit and...
- 1.55 The first purpose of describing income, expenditure and financial flows,...
- 1.56 The second purpose of describing processes of production and for...
Institutional units and sectors
 - 1.57 Institutional units are economic entities that are capable of owning...
- Local KAUs and industries
 - 1.58 When institutional units carry out more than one activity, they...
 - 1.59 Local KAUs are registered for each secondary activity; however, if...
 - 1.60 For analysis of the production process, use is made of...
- Resident and non-resident units; total economy and rest of the...
 - 1.61 The total economy is defined in terms of resident units....
 - 1.62 Resident units engage in transactions with non-resident units (that is,...
 - 1.63 Notional resident units, treated in the ESA 2010 system as...

Flows and stocks

- 1.64 Two basic kinds of information are recorded: flows and stocks....
Flows
 - 1.65 Flows reflect the creation, transformation, exchange, transfer or extinction of...
Transactions
 - 1.66 A transaction is an economic flow that is an interaction...
Properties of transactions
 - Interactions versus intra-unit transactions
 - 1.67 Most transactions are interactions between two or more institutional units....
 - 1.68 Consumption of fixed capital, which is recorded as a cost...
 - 1.69 All own-produced output used for final uses within the same...
 - Monetary versus non-monetary transactions
 - 1.70 Transactions are monetary transactions when the units involved make or...
 - Transactions with and without counterparts
 - 1.71 Transactions involving more than one unit are of two kinds....
 - Rearranged transactions
 - 1.72 The transactions are recorded in the same way as they...
Rerouting
 - 1.73 A transaction that appears to the units involved as taking...
 - 1.74 An example of rerouting is the way in which employers'...
 - 1.75 Another type of rerouting is that of transactions recorded as...

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Partitioning

1.76 When a transaction appearing to the parties involved as...

1.76 When a transaction appearing to the parties involved as a...

1.77 The payment of non-life insurance premiums is a typical partitioned...
Recognising the principal party to a transaction

1.78 When a unit carries out a transaction on behalf of...

Borderline cases

1.79 The definition of a transaction implies that an interaction between...

Other changes in assets

1.80 Other changes in assets record changes that are not the...

Other changes in the volume of assets and liabilities

1.81 Other changes in the volume of assets and liabilities records...

1.82 Examples of changes within the category referred to in point...

Holding gains and losses

1.83 Holding gains and losses occur when there are changes in...

1.84 Holding gains and losses measured on the basis of current...

Stocks

1.85 Stocks are the holdings of assets and liabilities at a...

1.86 Stocks are also recorded for population and employment. However, such...

1.87 Thus, stocks are not recorded for assets such as human...

The system of accounts and the aggregates

Rules of accounting

1.88 An account records changes in value accruing to a unit...

Terminology for the two sides of the accounts

1.89 The ESA 2010 system shows 'resources' on the right side...

1.90 A distinction is made in the ESA between legal ownership...

Double entry/quadruple entry

1.91 For a unit or sector, national accounting is based on...

1.92 National accounts — with all units and all sectors —...

1.93 Transactions within a single unit (such as the consumption of...

Valuation

1.94 With the exception of some variables concerning population and labour,...

1.95 In the case of monetary transactions and cash holdings and...

1.96 Stocks are valued at current prices at the time to...

Special valuations concerning products

1.97 As a result of transport costs, trade margins and taxes...

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- 1.98 Imports and exports of products shall be recorded at border...
- Valuation at constant prices
- 1.99 Valuation at constant prices means valuing the flows and stocks...
- 1.100 Many flows and stocks, e.g. income, do not have price...
- Time of recording
- 1.101 Flows shall be recorded on an accrual basis; that is,...
- 1.102 Output is recorded when produced and not when paid for...
- 1.103 It may be necessary to relax this approach for taxes...
- 1.104 As an exception to the general rules governing the recording...
- 1.105 Flows shall be recorded at the same point of time...
- Consolidation and netting
- Consolidation
- 1.106 Consolidation refers to the elimination, from both uses and resources,...
- 1.107 As a matter of principle, flows and stocks between constituent...
- 1.108 However, consolidated accounts may be built up for complementary presentations...
- 1.109 Moreover, the accounts and tables showing the creditor/debtor relationship provide...
- Netting
- 1.110 Individual units or sectors may have the same kind of...
- 1.111 Netting is implicit in various transaction categories, the most outstanding...
- Accounts, balancing items and aggregates
- 1.112 For units or groups of units, different accounts record transactions...
- The sequence of accounts
- 1.113 The ESA 2010 system is built around a sequence of...
- 1.114 Current accounts deal with the production, generation, distribution and redistribution...
- 1.115 The sequence of accounts for local KAUs and industries is...
- The goods and services account
- 1.116 The goods and services account shows, for the economy as...
- The rest of the world account
- 1.117 The rest of the world account covers transactions between resident...
- Balancing items
- 1.118 A balancing item is obtained by subtracting the total value...
A diagram of the sequence of accounts
- 1.119 The first account in the sequence is the production account,...
- 1.120 The value added is taken forward to the next account...
- 1.121 Then the value added, broken down between compensation of employees,...
- 1.122 The next account records redistribution of these incomes through transfers...
- 1.123 The main sequence of core accounts carries on to the...
- 1.124 At the same time a parallel account is created, the...
- 1.125 Saving is taken on to the capital account where it...

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- 1.126 Finally, the financial accounts are met, where the detailed lending...
- 1.127 Considering the bottom row of the diagram, the left-hand account...
- 1.128 Moving from left to right from the opening balances, the...
- 1.129 However, changes can occur outside the economic cycle of production...

Aggregates

- 1.130 The aggregates are composite values which measure the result of...
- 1.131 Two types of aggregates are distinguished:
- 1.132 There are important uses for national accounts measures per head...
 - GDP: a key aggregate
 - 1.133 GDP is one of the key aggregates in the ESA....
 - 1.134 These three approaches to measuring GDP also reflect the different...
 - 1.135 In order to achieve the best estimate of GDP, it...

The input-output framework

- 1.136 The input-output (I-O) framework brings together components of Gross Value...
 - Supply and use tables
 - 1.137 Supply and use tables show the whole economy by industry...
 - 1.138 Producing supply and use tables allows an examination of consistency...
 - 1.139 When balanced in an integrated manner, supply and use tables...
- Symmetric input-output tables
- 1.140 Symmetric input-output tables are derived from the data in supply...
- 1.141 These tables contain symmetric (product by product or industry by...

CHAPTER 2

UNITS AND GROUPINGS OF UNITS

- 2.01 The economy of a country is a system whereby institutions...
- 2.02 The units and groupings of units used in national accounts...
- 2.03 A feature of the ESA 2010 system is the use...

THE LIMITS OF THE NATIONAL ECONOMY

- 2.04 The units which constitute the economy of a country and...
- 2.05 Economic territory consists of the following:
- 2.06 Economic territory excludes extraterritorial enclaves.
- 2.07 Centre of predominant economic interest indicates that a location exists...
- 2.08 Units deemed to be residents of a country can be...
- 2.09 For units other than households, in respect of all their...

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- 2.10 Households, except in their capacity as owners of land and...
- 2.11 All units, in their capacity as owners of land and/or...

THE INSTITUTIONAL UNITS

- 2.12 Definition: an institutional unit is an economic entity characterised by...
- 2.13 The following principles apply whenever an entity does not possess...
 - Head offices and holding companies
 - 2.14 Head offices and holding companies are institutional units. The two...
 - Groups of corporations
 - 2.15 Large groups of corporations are created when a parent controls...
 - 2.16 An advantage of not treating groups of corporations as single...
 - Special purpose entities
 - 2.17 A special purpose entity (SPE) or special purpose vehicle (SPV)...
 - 2.18 There is no common definition of an SPE, but the...
 - 2.19 Whether a unit has all or none of these characteristics,...
 - 2.20 So captive financial institutions, artificial subsidiaries and special purpose units...
 - Captive financial institutions
 - 2.21 A holding company that simply owns the assets of subsidiaries...
 - 2.22 The degree of independence from its parent may be demonstrated...
 - 2.23 An entity of this type that cannot act independently of...
 - Artificial subsidiaries
 - 2.24 A subsidiary, wholly owned by a parent corporation, may be...
 - 2.25 In general, such types of entities do not satisfy the...
 - 2.26 A distinction must be made between artificial subsidiaries as just...
 - Special purpose units of general government
 - 2.27 General government may also set up special purpose units, with...
 - 2.28 In summary, the accounts of SPEs with no independent rights...
 - 2.29 Notional resident units shall be defined as:
 - 2.30 The following shall be considered as institutional units:

THE INSTITUTIONAL SECTORS

- 2.31 Macroeconomic analysis does not consider the actions of each institutional...
- 2.32 Each sector and subsector groups together the institutional units which...
 - Diagram Allocation of units to sectors
- 2.33 The institutional units are grouped into sectors on the basis...
- 2.34 Diagram 2.1 shows how units are allocated to the main...
- 2.35 Control over a financial or non-financial corporation shall be defined...
- 2.36 A single institutional unit (another corporation, a household, a non-profit...
- 2.37 In order to control more than half the shareholders' voting...
- 2.38 General government secures control over a corporation as a result...
- 2.39 For non-profit institutions recognised as independent legal entities, the five...
- 2.40 Differentiating between market and non-market, and so for public sector...
- 2.41 A sector shall be divided into subsectors according to the...
- 2.42 When the principal function of the institutional unit is to...
- 2.43 Table 2.2 shows the type of producer and the principal...
- 2.44 The rest of the world (S.2) sector refers to flows...
 - Non-financial corporations (S.11)
 - 2.45 Definition: the non-financial corporations sector (S.11) consists of institutional units...
 - 2.46 The institutional units covered are the following:
 - 2.47 Non-financial quasi-corporations are all entities which are market producers principally...

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- 2.48 The existence of a complete set of accounts, including balance...
- 2.49 Non-financial corporations include notional resident units which are treated as...
- 2.50 The non-financial corporations sector is divided into three subsectors:
 - 2.51 Definition: the public non-financial corporations subsector consists of all non-financial...
 - 2.52 Public quasi-corporations are quasi-corporations owned directly by government units.
- National private non-financial corporations (S.11002)
 - 2.53 Definition: the national private non-financial corporations subsector consists of all...
- Foreign controlled non-financial corporations (S.11003)
 - 2.54 Definition: the foreign controlled non-financial corporations subsector consists of all...
- Financial corporations (S.12)
 - 2.55 Definition: the financial corporations sector (S.12) consists of institutional units...
 - 2.56 Financial intermediation is the activity in which an institutional unit...
 - Financial intermediaries
 - 2.57 The financial intermediation process channels funds between third parties with...
 - 2.58 In the financial intermediation process, all categories of liabilities may...
 - 2.59 The function of insurance corporations and pension funds consists of...
 - 2.60 Investment funds, hereinafter referred to as money market funds (MMFs)...
 - 2.61 Financial intermediation is limited to acquiring assets and incurring liabilities...
 - 2.62 Exceptions to the general limitation of financial intermediation to financial...
 - Financial auxiliaries
 - 2.63 Auxiliary financial activities comprise auxiliary activities for realising transactions in...
 - Financial corporations other than financial intermediaries and financial auxiliaries
 - 2.64 Other financial corporations other than financial intermediaries and financial auxiliaries...
 - Institutional units included in the financial corporations sector
 - 2.65 The institutional units included in the financial corporations sector (S.12)...
 - Subsectors of financial corporations
 - 2.66 The financial corporations sector is subdivided into the following subsectors:...
 - Combining subsectors of financial corporations
 - 2.67 Monetary financial institutions (MFIs) as defined by the ECB consist...
 - 2.68 Other monetary financial institutions consist of those financial intermediaries through...
 - 2.69 Financial intermediaries dealing with the pooling of risks are insurance...
 - 2.70 Financial corporations except MFI and ICPF consist of the non-MMF...

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Subdividing subsectors of financial corporations into public, national private and...

2.71 With the exception of subsector S.121, each subsector is further...

Central bank (S.121)

2.72 Definition: the central bank subsector (S.121) consists of all financial...

2.73 The following financial intermediaries are classified in subsector S.121:

2.74 Subsector S.121 does not include agencies and bodies, other than...

Deposit-taking corporations except the central bank (S.122)

2.75 Definition: the deposit-taking corporations except the central bank subsector (S.122)...

2.76 Deposit-taking corporations except the central bank cannot be described simply...

2.77 The following financial intermediaries are classified in subsector S.122 where...

2.78 Subsector S.122 does not include:

MMF (S.123)

2.79 Definition: the MMF subsector (S.123) consists of all financial corporations...

2.80 The following financial intermediaries are classified in subsector S.123: investment...

2.81 Subsector S.123 does not include:

Non-MMF investment funds (S.124)

2.82 Definition: the non-MMF investment funds subsector (S.124) consists of all...

2.83 Non-MMF investment funds cover investment trusts, unit trusts and other...

2.84 The following financial intermediaries are classified in subsector S.124:

2.85 Subsector S.124 does not include:

Other financial intermediaries, except insurance corporations and pension funds (S.125)...

2.86 Definition: the other financial intermediaries, except insurance corporations and pension...

2.87 Subsector S.125 includes financial intermediaries predominantly engaged in long-term financing...

2.88 The other financial intermediaries, except insurance corporations and pension funds...

Table 2. Other financial intermediaries, except insurance corporations and pension funds subsector...

Other financial intermediaries, except insurance corporations and pension funds

2.89 Subsector S.125 does not include non-profit institutions recognised as independent...

Financial vehicle corporations engaged in securitisation transactions (FVC)

2.90 Definition: financial vehicle corporations engaged in securitisation transactions (FVC) are...

Security and derivative dealers, financial corporations engaged in lending and...

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- 2.91 Security and derivative dealers (on own account) are financial intermediaries...
- 2.92 Financial corporations engaged in lending include for example financial intermediaries...
- 2.93 Specialised financial corporations are financial intermediaries, for example:
- 2.94 Head offices which oversee and manage a group of subsidiaries...
- Financial auxiliaries (S.126)
 - 2.95 Definition: the financial auxiliaries subsector (S.126) consists of all financial...
 - 2.96 The following financial corporations and quasi-corporations are classified in subsector...
 - 2.97 Subsector S.126 also includes head offices whose subsidiaries are all...
- Captive financial institutions and money lenders (S.127)
 - 2.98 Definition: the captive financial institutions and money lenders subsector (S.127)...
 - 2.99 In particular, the following financial corporations and quasi-corporations are classified...
- Insurance corporations (S.128)
 - 2.100 Definition: the insurance corporations subsector (S.128) consists of all financial...
 - 2.101 Insurance corporations provide services of:
 - 2.102 Services of non-life insurance corporations may be provided in the...
 - 2.103 Insurance corporations are mainly incorporated or mutual entities. Incorporated entities...
 - 2.104 Subsector S.128 does not include:
- Pension funds (S.129)
 - 2.105 Definition: the pension funds subsector (S.129) consists of all financial...
 - 2.106 Subsector S.129 consists of only those social insurance pension funds...
 - 2.107 Examples of participants in pension fund schemes include employees of...
 - 2.108 In some countries, all those types of risks can be...
 - 2.109 Pension fund schemes may be organised by employers or by...
 - 2.110 Subsector S.129 does not include:
- General government (S.13)
 - 2.111 Definition: the general government sector (S.13) consists of institutional units...
 - 2.112 The institutional units included in sector S.13 are for example...
 - 2.113 The general government sector is divided into four subsectors:
 - Central government (excluding social security funds) (S.1311)
 - 2.114 Definition: this subsector includes all administrative departments of the state...
 - State government (excluding social security funds) (S.1312)
 - 2.115 Definition: this subsector consists of those types of public administration...
 - Local government (excluding social security funds) (S.1313)
 - 2.116 Definition: this subsector includes those types of public administration whose...

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Social security funds (S.1314)

2.117 Definition: the social security funds subsector includes central, state and...

Households (S.14)

2.118 Definition: the households sector (S.14) consists of individuals or groups...

2.119 The households sector includes:

2.120 In the ESA 2010, the households sector is subdivided into...

2.121 Households are allocated to subsectors according to the largest income...

Employers and own-account workers (S.141 and S.142)

2.122 Definition: the employers and own-account workers subsector consists of the...

Employees (S.143)

2.123 Definition: the employees subsector consists of the group of households...

Recipients of property income (S.1441)

2.124 Definition: the recipients of property income subsector consists of the...

Recipients of pensions (S.1442)

2.125 Definition: the recipients of pensions subsector consists of the group...

Recipients of other transfers (S.1443)

2.126 Definition: the recipients of other transfers subsector consists of the...

2.127 If information on the relative contributions of the sources of...

2.128 Other criteria for subsectoring households can be used, e.g. breakdown...

Non-profit institutions serving households (S.15)

2.129 Definition: the non-profit institutions serving households (NPISHs) sector (S.15) consists...

2.130 Where such institutions are not very important, they are not...

Rest of the world (S.2)

2.131 Definition: the rest of the world sector (S.2) is a...

2.132 The rest of the world is not a sector for...

2.133 The accounts for the rest of the world include only...

2.134 The rest of the world sector (S.2) is subdivided into:...

Sector classification of producer units for main standard legal forms...

2.135 The following overview and paragraphs 2.31 to 2.44 summarise the...

2.136 Private and public corporations which are market producers are classified...

2.137 Cooperatives and partnerships which are recognised as independent legal entities...

2.138 Public producers which by virtue of special legislation are recognised...

2.139 Public producers which are not recognised as independent legal entities...

2.140 Non-profit institutions (associations and foundations) recognised as independent legal entities...

2.141 Sole proprietorships and partnerships which are not recognised as independent...

2.142 Head offices are classified as follows:

2.143 Table 2.5 shows in schematic form the various cases enumerated...

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LOCAL KIND-OF-ACTIVITY UNITS AND INDUSTRIES

- 2.144 Most institutional units producing goods and services are engaged in...
- 2.145 An activity occurs when resources such as equipment, labour, manufacturing...
- 2.146 If a unit carries out more than one activity, all...
- 2.147 In order to analyse flows occurring in the process of...
The local kind-of-activity unit
 - 2.148 Definition: the local kind-of-activity unit (local KAU) is the part...
 - 2.149 If an institutional unit producing goods or services contains a...
Industries
 - 2.150 Definition: an industry consists of a group of local KAUs...
 - 2.151 Industries are classified in three categories:
Classification of industries
 - 2.152 The classification used for grouping local KAUs into industries is...

UNITS OF HOMOGENEOUS PRODUCTION AND HOMOGENEOUS BRANCHES

- 2.153 For analysis of the production process, the unit best suited...
The unit of homogeneous production
 - 2.154 Definition: a unit of homogeneous production carries out a unique...
The homogeneous branch
 - 2.155 Definition: the homogeneous branch consists of a grouping of units...
 - 2.156 Homogeneous branches are units designed for economic analysis.
Units of...

CHAPTER 3

TRANSACTIONS IN PRODUCTS AND NON-PRODUCED ASSETS

TRANSACTIONS IN PRODUCTS IN GENERAL

- 3.01 Definition: products are all goods and services that are created...
- 3.02 The following main categories of transactions in products are distinguished...
- 3.03 Transactions in products are recorded as follows:
- 3.04 In the supply table (see paragraph 1.136), output and imports...
- 3.05 Supplies of products are valued at basic prices (see paragraph...
- 3.06 Definition:

PRODUCTION AND OUTPUT

- 3.07 Definition: production is an activity carried out under the control,...
- 3.08 Production includes:
- 3.09 Production excludes the production of domestic and personal services that...
Principal, secondary and ancillary activities
 - 3.10 Definition: the principal activity of a local KAU is the...
 - 3.11 Definition: a secondary activity is an activity carried out within...
 - 3.12 Definition: an ancillary activity is an activity whose output is...
 - 3.13 Ancillary activities are not isolated to form distinct entities or...
Output (P.1)
 - 3.14 Definition: output is the total of products created during the...
 - 3.15 When an institutional unit contains more than one local KAU,...
 - 3.16 Three types of output are distinguished in the ESA 2010:...
 - 3.17 Definition: market output consists of output that is disposed of...

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- 3.18 Market output includes:
- 3.19 Definition: economically significant prices are prices that have a substantial...
- 3.20 Definition: output produced for own final use consists of goods...
- 3.21 Products retained for own final consumption can only be produced...
- 3.22 Products used for own capital formation can be produced by...
- 3.23 Definition: non-market output is output that is provided to other...
- 3.24 Definition: market producers are local KAUs or institutional units the...
- 3.25 Definition: producers for own final use are local KAUs or...
- 3.26 Definition: non-market producers are local KAUs or institutional units the...
- Institutional units: distinction between market, for own final use and...
- 3.27 For institutional units as producers, the distinction between market, for...
- 3.28 Table 3.1 shows that, in order to determine whether an...
- 3.29 As Table 3.1 shows, private producers are found in all...
- 3.30 A specific category of private producers is that of unincorporated...
- 3.31 For other private producers, a distinction is made between private...
- 3.32 In distinguishing between market and non-market output and between market...
- 3.33 In applying this quantitative market-non-market criterion, sales and production costs...
- 3.34 Sales may consist of various elements. For example, in the...
- 3.35 Private non-profit institutions serving businesses are a special case. They...
- 3.36 In applying the criterion of comparing sales and production costs...
- 3.37 Public producers can be market producers or non-market producers. Market...
- 3.38 Local KAUs as market producers and as producers for own...
- 3.39 Local KAUs as non-market producers can supply as secondary output...
- 3.40 Other examples are sales of reproductions by government museums and...
- 3.41 Non-market producers may also have revenues from the sale of...
- Time of recording and valuation of output
- 3.42 Output is to be recorded and valued when it is...
- 3.43 All output is to be valued at basic prices, but...
- 3.44 Definition: the basic price is the price receivable by the...
- 3.45 Output for own final use (P.12) is valued at the...
- 3.46 Additions to work-in-progress are valued at the current basic price...
- 3.47 In order to estimate in advance the value of output...
- 3.48 For buildings and structures acquired in an incomplete state, a...
- 3.49 The total output of a non-market producer (a local KAU)...
- 3.50 The total output of an institutional unit is the sum...
- 3.51 In the absence of secondary market output by non-market producers,...
- 3.52 Market output by non-market producers is valued at basic prices....
- 3.53 A list of exceptions and clarifications to the times of...
Products of agriculture, forestry and fishing (Section A)
 - 3.54 The output of agricultural products is recorded as being produced...Manufactured products (Section C); construction work (Section F)
 - 3.55 In the case of the construction of a building or...
Wholesale and retail trade services; repair services of motor vehicles...

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- 3.56 The output of wholesale and retail services is measured by...
Transportation and storage (Section H)
- 3.57 The output of transport services is measured by the value...
- 3.58 The output of storage services is measured as the value...
- 3.59 Most changes in prices of goods while in inventories are...
- 3.60 The output of travel agency services is measured as the...
- 3.61 The output of tour operator services is measured by the...
- 3.62 Travel agency services and tour operator services are distinguished by...
- Accommodation and food services (Section I)
- 3.63 The value of the output of the services of hotels,...
- Financial and insurance services (Section K): output of the central...
- Financial and insurance services (Section K): financial services in general...
- 3.64 Financial intermediation is financial risk management and liquidity transformation. Corporations...
- 3.65 Auxiliary financial activities facilitate risk management and liquidity transformation. Financial...
- 3.66 Other financial services include monitoring services such as monitoring the...
- 3.67 Financial services are produced almost exclusively by financial institutions because...
- 3.68 Financial services may be paid for directly or indirectly. Some...
Financial services provided for direct payment
- 3.69 These financial services are provided for explicit charges, covering a...
Financial services paid for through loading interest charges
- 3.70 For example, in financial intermediation, a financial institution like a...
- 3.71 It is seldom the case that the amount of funds...
- 3.72 The reference rate lies between bank interest rates on deposits...
Financial services consisting of acquiring and disposing of financial assets...
- 3.73 When a financial institution offers a security (e.g. bill or...
Financial services provided in insurance and pension schemes, where activity...
- 3.74 The following financial services fall under this heading. Each of...
- Real estate services (Section L)
- 3.75 The output of services of owner-occupied dwellings is valued at...
- 3.76 To estimate the value of owner-occupied dwelling services, the stratification...
- 3.77 The rental to be applied to owner-occupied dwellings in the...
- 3.78 The stratification method is used for grossing up to all...
- 3.79 In the absence of a sufficiently large rental market, where...
- 3.80 The output of real estate services of non-residential buildings is...
- Professional, scientific and technical services (Section M);
Administrative and support...

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- 3.81 The output of operating leasing services, such as renting out...
- 3.82 Research and development (R&D) is creative work undertaken on a...
- 3.83 The output of R&D services is measured as follows:
Public administration and defence services, compulsory social security services (Section...)
- 3.84 Public administration, defence services and compulsory social security services are...
Education services (Section P); human health and social work services...
- 3.85 For education services and health services, a precise distinction is...
Arts, entertainment and recreation services (Section R); other services (Section...)
- 3.86 The production of books, recordings, films, software, tapes, disks, etc....
Private households as employers (Section T)
- 3.87 The output of household services produced by employing paid staff...

INTERMEDIATE CONSUMPTION (P.2)

- 3.88 Definition: intermediate consumption consists of goods and services consumed as...
- 3.89 Intermediate consumption includes the following cases:
- 3.90 Intermediate consumption excludes:
Time of recording and valuation of intermediate consumption
- 3.91 Products used for intermediate consumption are recorded and valued at...
- 3.92 Producer units do not record the use of goods in...

FINAL CONSUMPTION (P.3, P.4)

- 3.93 Two concepts of final consumption are used:
Final consumption expenditure (P.3)
- 3.94 Definition: final consumption expenditure consists of expenditure incurred by resident...
- 3.95 Household final consumption expenditure includes the following examples:
- 3.96 Household final consumption expenditure excludes the following:
- 3.97 Final consumption expenditure of NPISHs includes two separate categories:
- 3.98 Final consumption expenditure (P.3) by government includes two categories of...
- 3.99 Corporations do not make final consumption expenditures. Their purchases of...
Actual final consumption (P.4)
- 3.100 Definition: actual final consumption consists of the goods or services...
- 3.101 Definition: goods and services for individual consumption ('individual goods and...)
- 3.102 Definition: collective services are services for collective consumption that are...
- 3.103 All household final consumption expenditure is individual. All goods and...
- 3.104 For the goods and services provided by government units, the...

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- 3.105 Alternatively individual consumption expenditure of general government corresponds to division...
- 3.106 Collective consumption expenditure is the remainder of the government final...
- 3.107 The relationships between the various consumption concepts employed can be...
- 3.108 Final consumption expenditure of NPISHs is all individual. Total actual...
- 3.109 There are no social transfers in kind with the rest...
- Time of recording and valuation of final consumption expenditure
- 3.110 Expenditure on a good is recorded at the time of...
- 3.111 Expenditure on goods acquired under a hire purchase or similar...
- 3.112 Own-account consumption is recorded when the output retained for own...
- 3.113 The final consumption expenditure of households is recorded at purchasers'...
- 3.114 Goods and services supplied as employee compensation in kind are...
- 3.115 Retained goods or services for own consumption are valued at...
- 3.116 Final consumption expenditures by general government or NPISHs on products...
- 3.117 Final consumption expenditure (P.3) by general government or NPISHs is...
- Time of recording and valuation of actual final consumption
- 3.118 Goods and services are acquired by institutional units when they...
- 3.119 Acquisitions (actual final consumption) are valued at the purchasers' prices...
- 3.120 Transfers in kind other than social transfers in kind from...
- 3.121 The values of the two aggregates of final consumption expenditure...

GROSS CAPITAL FORMATION (P.5)

- 3.122 Gross capital formation consists of:
- 3.123 Gross capital formation is measured gross of consumption of fixed...
Gross fixed capital formation (P.51g)
- 3.124 Definition: gross fixed capital formation (P.51) consists of resident producers'...
- 3.125 Gross fixed capital formation consists of both positive and negative...
- 3.126 The disposals components of fixed assets exclude:
- 3.127 The following types of gross fixed capital formation are distinguished:...
- 3.128 Major improvements to land include:
- 3.129 Gross fixed capital formation includes the following borderline cases:
- 3.130 Gross fixed capital formation excludes:
- 3.131 Gross fixed capital formation in the form of improvements to...
- 3.132 Intellectual property products are the result of research and development,...
- 3.133 For both fixed assets and non-produced non-financial assets, the costs...
Time of recording and valuation of gross fixed capital formation...
- 3.134 Gross fixed capital formation is recorded when the ownership of...
- 3.135 Gross fixed capital formation is valued at purchasers' prices including...
- 3.136 Acquisitions of intellectual property products are valued in different ways:...

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- 3.137 Disposals of existing fixed assets by sale are valued at...
 - 3.138 Costs of ownership transfer can apply to both produced assets,...
- Consumption of fixed capital (P.51c)
- 3.139 Definition: consumption of fixed capital (P.51c) is the decline in...
 - 3.140 Consumption of fixed capital shall be calculated for all fixed...
 - 3.141 Consumption of fixed capital is different from the depreciation allowed...
 - 3.142 Losses of fixed assets occurring as a result of accidental...
 - 3.143 Consumption of fixed capital shall be calculated according to the...
 - 3.144 In some cases, the geometric depreciation method is used when...
 - 3.145 In the system of accounts, consumption of fixed capital is...
- Changes in inventories (P.52)
- 3.146 Definition: changes in inventories are measured by the value of...
 - 3.147 Due to physical deterioration, or accidental damage or pilfering, recurrent...
 - 3.148 Inventories consist of the following categories:
 - Time of recording and valuation of changes in inventories
 - 3.149 The time of recording and the valuation of changes in...
 - 3.150 In measuring changes in inventories, goods entering inventories are valued...
 - 3.151 The prices used to value goods in changes in inventories...
 - 3.152 Losses as a result of physical deterioration, insurable accidental damage...
 - 3.153 Where information is lacking, the following approximate methods for the...
- Acquisitions less disposals of valuables (P.53)
- 3.154 Definition: valuables are non-financial goods that are not used primarily...
 - 3.155 Valuables include the following types of goods:
 - 3.156 Such types of goods are recorded as acquisition or disposal...
 - 3.157 The production of valuables is valued at basic prices. All...
- EXPORTS AND IMPORTS OF GOODS AND SERVICES (P.6 and P.7)...
- 3.158 Definition: exports of goods and services consist of transactions in...
 - 3.159 Definition: imports of goods and services consist of transactions in...
 - 3.160 Exports and imports of goods and services do not include:...
 - 3.161 Imports and exports of goods and services are distinguished into:...
- Exports and imports of goods (P.61 and P.71)
- 3.162 Imports and exports of goods occur when economic ownership of...
 - 3.163 For deliveries between affiliated enterprises (branch or subsidiary, or foreign...
 - 3.164 Exports of goods occur without the goods crossing the country's...
 - 3.165 Imports and exports of goods include transactions between residents and...
 - 3.166 Imports and exports of goods exclude the following goods which...
 - 3.167 Imports and exports of goods are recorded when the ownership...
 - 3.168 Imports and exports of goods are to be valued free...
 - 3.169 Definition: the CIF price is the price of a good...
 - 3.170 Proxies or substitute measures for the FOB value may be...
- Exports and imports of services (P.62 and P.72)
- 3.171 Definition: exports of services consist of all services rendered by...
 - 3.172 Definition: imports of services consist of all services rendered by...

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- 3.173 Exports of services include the following cases:
- 3.174 There is an equivalent import of service as a mirror...
- 3.175 Imports of transport services include the following examples:
- 3.176 Imports in respect of direct purchases abroad by residents cover...
- 3.177 Imports and exports of services are recorded at the time...
- 3.178 Explanation of how to read this table: the first part...
- 3.179 Explanation of how to read this table: the first part...

TRANSACTIONS IN EXISTING GOODS

- 3.180 Definition: existing goods are goods that already have had a...
- 3.181 Existing goods include:
- 3.182 This definition of existing goods has the following consequences:
- 3.183 Transactions in existing goods are recorded at the time of...

ACQUISITIONS LESS DISPOSALS OF NON-PRODUCED ASSETS (NP)

- 3.184 Definition: non-produced assets consist of assets that have not been...
- 3.185 Three categories of acquisition less disposals of non-produced assets are...
- 3.186 Natural resources shall comprise the following categories:
- 3.187 Land is defined as the ground itself, including soil covering...
- 3.188 The following items are not included under the heading of...
- 3.189 Acquisitions and disposals of land and other natural resources are...
- 3.190 Contracts, leases and licenses as non-produced assets consist of the...
- 3.191 Contracts, leases and licenses as a category of non-produced assets...
- 3.192 Definition: the value of goodwill and marketing assets is the...
- 3.193 Goodwill is only recorded when its value is evidenced by...
- 3.194 Acquisitions less disposals of non-produced assets are recorded in the...

CHAPTER 4

DISTRIBUTIVE TRANSACTIONS

- 4.01 Definition: distributive transactions are transactions whereby the value added generated...

COMPENSATION OF EMPLOYEES (D.1)

- 4.02 Definition: compensation of employees (D.1) is defined as the total...
 - Wages and salaries (D.11)
 - Wages and salaries in cash
 - 4.03 Wages and salaries in cash include social contributions, income taxes,...
 - Wages and salaries in kind
 - 4.04 Definition: wages and salaries in kind consist of goods and...
 - 4.05 Examples of wages and salaries in kind are:
 - 4.06 Goods and services given to employees as wages and salaries...
 - 4.07 Wages and salaries do not include the following:
 - Employers' social contributions (D.12)
 - 4.08 Definition: employers' social contributions are social contributions payable by employers...
 - Employers' actual social contributions (D.121)

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- 4.09 Definition: employers' actual social contributions (D.121) consist of the payments...
Employers' imputed social contributions (D.122)
- 4.10 Definition: employers' imputed social contributions (D.122) represents the counterpart to...
- 4.11 In the accounts of the sectors, the costs of direct...
- 4.12 Time of recording of compensation of employees:
- 4.13 The compensation of employees consists of the following components:

TAXES ON PRODUCTION AND IMPORTS (D.2)

- 4.14 Definition: taxes on production and imports (D.2) consist of compulsory,...
- 4.15 Taxes on production and imports are comprised of the following...
Taxes on products (D.21)
 - 4.16 Definition: taxes on products (D.21) are taxes that are payable...
Value added type taxes (VAT) (D.211)
 - 4.17 Definition: a value added type tax (VAT) is a tax...
 - 4.18 Definition: taxes and duties on imports excluding VAT (D.212) comprise...
Taxes on products, except VAT and import taxes (D.214)
 - 4.19 Definition: taxes on products, except VAT and import taxes (D.214)...
 - 4.20 This heading includes, in particular:
 - 4.21 Net taxes on products are obtained by deducting subsidies on...
- Other taxes on production (D.29)
 - 4.22 Definition: other taxes on production (D.29) consist of all taxes...
 - 4.23 Other taxes on production (D.29) include the following:
 - 4.24 Other taxes on production exclude taxes on the personal use...
- Taxes on production and imports paid to the institutions of...
 - 4.25 The taxes on production and imports paid to the institutions...
- Taxes on production and imports: time of recording and amounts...
 - 4.26 Recording of taxes on production and imports: taxes on production...
 - 4.27 Some economic activities, transactions or events, which generate an obligation...
 - 4.28 The total value of the taxes recorded includes interest charged...
 - 4.29 In the system of accounts, taxes on production and imports...

SUBSIDIES (D.3)

- 4.30 Definition: subsidies (D.3) are current unrequited payments which general government...
- 4.31 Subsidies granted by the institutions of the European Union cover...
- 4.32 Subsidies are classified into:
Subsidies on products (D.31)
 - 4.33 Definition: subsidies on products (D.31) are subsidies payable per unit...
Import subsidies (D.311)
 - 4.34 Definition: import subsidies (D.311) consists of subsidies on goods and...
Other subsidies on products (D.319)
 - 4.35 Other subsidies on products (D.319) include the following:
Other subsidies on production (D.39)

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- 4.36 Definition: other subsidies on production (D.39) consist of subsidies except...
- 4.37 Other subsidies on production (D.39) include the following examples:
- 4.38 The following are not treated as subsidies (D.3):
- 4.39 Time of recording: subsidies (D.3) are recorded when the transaction...
- 4.40 Subsidies (D.3) are recorded as:

PROPERTY INCOME (D.4)

- 4.41 Definition: property income (D.4) accrues when the owners of financial...
Interest (D.41)
- 4.42 Definition: interest (D.41) is property income receivable by the owners...
Interest on deposits and loans
- 4.43 The amounts of interest on loans and deposits payable to...
Interest on debt securities
- 4.44 Interest on debt securities comprise interest on bills and similar...
Interest on bills and similar short-term instruments
- 4.45 The difference between the face value and the price paid...
Interest on bonds and debentures
- 4.46 Bonds and debentures are long-term securities that give the holder...
Interest rate swaps and forward rate agreements
- 4.47 Payment resulting from any kind of swap arrangement is recorded...
Interest on financial leases
- 4.48 A financial lease is a method of financing for example...
Other interest
- 4.49 Other interest comprises the following:
Time of recording
- 4.50 Interest is recorded on an accrual basis, that is, interest...
- 4.51 Interest is recorded before the deduction of taxes levied on...
- 4.52 In the system of accounts, interest is recorded as:
- Distributed income of corporations (D.42)
Dividends (D.421)
- 4.53 Definition: dividends (D.421) are a form of property income to...
4.54 Dividends also include:
- 4.55 Dividends (D.421) exclude super-dividends.
- 4.56 In the case of public corporations, super-dividends are large and...
4.57 Time of recording: Although dividends represent a part of income...
- Withdrawals from the income of quasi-corporations (D.422)
- 4.58 Definition: withdrawals from the income of quasi-corporations (D.422) are the...
4.59 When profits are earned in the rest of the world...
- 4.60 Withdrawals from the income of quasi-corporations include the net operating...
4.61 Withdrawals from the income of quasi-corporations do not include amounts...

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- 4.62 Time of recording: withdrawals from the income of quasi-corporations are...
- 4.63 In the system of accounts, withdrawals from the income of...
Reinvested earnings on foreign direct investment (D.43)
- 4.64 Definition: reinvested earnings on foreign direct investment (D.43) are equal...
- 4.65 A foreign direct investment enterprise is an incorporated or unincorporated...
- 4.66 Actual distributions may be made from the entrepreneurial income of...
- 4.67 Time of recording: reinvested earnings on foreign direct investment are...
- Other investment income (D.44)
 - Investment income attributable to insurance policy holders (D.441)
 - 4.68 Definition: Investment income attributable to insurance policy holders corresponds to...
Investment income payable on pension entitlements (D.442)
 - 4.69 Pension entitlements arise from one of two different types of...
Investment income attributable to collective investment fund shareholders (D.443)
 - 4.70 Investment income attributable to collective investment fund shareholders, including mutual...
 - 4.71 In the system of accounts, other investment income is recorded...
- Rent (D.45)
 - 4.72 Definition: rent is the income receivable by the owner of...
Rent on land
 - 4.73 Rents on land do not include the rentals of buildings...
 - Rents on subsoil assets
 - 4.74 This heading includes the royalties that accrue to owners of...
 - 4.75 Time of recording of rents: rents are recorded in the...
 - 4.76 In the system of accounts, rents are recorded:

CURRENT TAXES ON INCOME, WEALTH, ETC. (D.5)

- 4.77 Definition: current taxes on income, wealth, etc. (D.5) cover all...
Taxes on income (D.51)
- 4.78 Definition: taxes on income (D.51) consist of taxes on incomes,...
- Other current taxes (D.59)
 - 4.79 Other current taxes (D.59) includes:
 - 4.80 Current taxes on income, wealth, etc. do not include:
 - 4.81 The total value of the taxes includes interest charged on...
 - 4.82 Current taxes on income, wealth, etc. are recorded at the...

SOCIAL CONTRIBUTIONS AND BENEFITS (D.6)

- 4.83 Definition: social benefits are transfers to households, in cash or...
- 4.84 The list of risks or needs which may give rise...
- 4.85 Social benefits include:
- 4.86 Social benefits exclude:
- 4.87 In order for an individual policy to be treated as...
- 4.88 Definition: social insurance schemes are schemes in which participants are...
- 4.89 Two types of social insurance schemes may be distinguished:
- 4.90 Social insurance schemes organised by government units for their own...
Net social contributions (D.61)

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- 4.91 Definition: net social contributions are the actual or imputed contributions...
 - Employers' actual social contributions (D.611)
 - 4.92 Employers' actual social contributions (D.611) correspond to flow D.121.
 - 4.93 Payments of actual social contributions may be compulsory by virtue...
 - 4.94 Time of recording: employers' actual social contributions (D.611) are recorded...
 - 4.95 Social contributions payable to the general government sector recorded in...
 - 4.96 Employers' actual social contributions are recorded as:
 - Employers' imputed social contributions (D.612)
 - 4.97 Definition: employers' imputed social contributions (D.612) represent the counterpart to...
 - 4.98 Time of recording: employers' imputed social contributions which represent the...
 - 4.99 Employers' imputed social contributions are recorded as:
 - Households' actual social contributions (D.613)
 - 4.100 Definition: Households' actual social contributions are social contributions payable on...
 - Households' social contribution supplements (D.614)
 - 4.101 Definition: households' social contribution supplements consist of the property income...
- Social benefits other than social transfers in kind (D.62)
- 4.102 The heading D.62 is made up of three sub-headings:
 - Social security benefits in cash (D.621)
 - 4.103 Definition: social security benefits in cash are social insurance benefits...
 - Other social insurance benefits (D.622)
 - 4.104 Definition: other social insurance benefits correspond to benefits payable by...
 - Social assistance benefits in cash (D.623)
 - 4.105 Definition: social assistance benefits in cash are current transfers payable...
 - 4.106 Time of recording of social benefits other than social transfers...
 - 4.107 Social benefits other than social transfers in kind (D.62) are...
- Social transfers in kind (D.63)
- 4.108 Definition: social transfers in kind (D.63) consist of individual goods...
- 4.109 Social transfers in kind (D.63) are subdivided into:
- 4.110 Examples of social transfers in kind (D.63) are medical or...
- 4.111 Time of recording: social transfers in kind (D.63) are recorded...

OTHER CURRENT TRANSFERS (D.7)

- Net non-life insurance premiums (D.71)
- 4.112 Definition: net non-life insurance premiums (D.71) are premiums payable under...
- 4.113 Time of recording: net non-life insurance premiums are recorded when...
- Non-life insurance claims (D.72)
- 4.114 Definition: non-life insurance claims (D.72) are the claims due under...

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- 4.115 Non-life insurance claims does not include payments which constitute social...
- 4.116 Net reinsurance premiums and claims are calculated in exactly the...
- 4.117 Time of recording: non-life insurance claims are recorded at the...
Current transfers within general government (D.73)
- 4.118 Definition: current transfers within general government (D.73) include transfers between...
- 4.119 Time of recording: current transfers within general government are recorded...
- 4.120 Current transfers within general government are recorded as uses and...
Current international cooperation (D.74)
- 4.121 Definition: current international cooperation (D.74) includes all transfers in cash...
- 4.122 Heading D.74 covers:
- 4.123 Time of recording: the time the regulations in force stipulate...
- 4.124 Current international cooperation is recorded as:
Miscellaneous current transfers (D.75)
Current transfers to NPISHs (D.751)
- 4.125 Definition: current transfers to NPISHs include all voluntary contributions (other...
- 4.126 Current transfers to NPISHs include the following:
- 4.127 Time of recording: current transfers to NPISHs are recorded at...
- 4.128 Current transfers to NPISHs are recorded as:
Current transfers between households (D.752)
- 4.129 Definition: current transfers between households (D.752) consist of all current...
- 4.130 Time of recording: current transfers between households are recorded at...
- 4.131 Current transfers between households are recorded as:
Other miscellaneous current transfers (D.759)
Fines and penalties
- 4.132 Definition: fines and penalties imposed on institutional units by courts...
- 4.133 The following are not included in other miscellaneous current transfers...
- 4.134 Time of recording: fines and penalties are recorded at the...
- Lotteries and gambling
- 4.135 Definition: the amounts paid for lottery tickets or placed in...
- Payments of compensation
- 4.136 Definition: payments of compensation consist of current transfers paid by...
- 4.137 Time of recording: payments of compensation are recorded when they...
- 4.138 Other forms of other miscellaneous current transfers:
- 4.139 Time of recording: the transfers listed in 4.138 are recorded...
- VAT- and GNI-based EU own resources (D.76)
- 4.140 Definition: the VAT- and GNI-based third and fourth EU own...

ADJUSTMENT FOR THE CHANGE IN PENSION ENTITLEMENTS (D.8)

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- 4.141 Definition: the adjustment for the change in pension entitlements (D.8)...
- 4.142 Since households are treated in the financial accounts and balance...
- 4.143 Time of recording: the adjustment is recorded according to the...
- 4.144 The adjustment for the change in pension entitlements is recorded...

CAPITAL TRANSFERS (D.9)

- 4.145 Definition: capital transfers require the acquisition or disposal of an...
- 4.146 A capital transfer in kind consists of the transfer of...
- 4.147 Capital transfers include capital taxes (D.91), investment grants (D.92) and...
Capital taxes (D.91)
 - 4.148 Definition: capital taxes (D.91) consist of taxes levied at irregular...
 - 4.149 Capital taxes (D.91) include:
 - 4.150 Taxes recorded in the accounts come from two sources: amounts...
 - 4.151 Capital taxes are recorded as:
- Investment grants (D.92)
 - 4.152 Definition: investment grants (D.92) consist of capital transfers in cash...
 - 4.153 Investment grants in kind consist of transfers of transport equipment,...
 - 4.154 The value of capital formation carried out by general government...
 - 4.155 Investment grants (D.92) include both lump sum payments designed to...
 - 4.156 Grants for interest relief made by general government are excluded...
 - 4.157 Investment grants to non-financial corporate and quasi-corporate enterprises include, in...
 - 4.158 Investment grants to the households sector include equipment and modernisation...
 - 4.159 Investment grants to general government include payments (except grants for...
 - 4.160 Investment grants to non-profit institutions from general government and from...
 - 4.161 Investment grants to the rest of the world are restricted...
 - 4.162 Time of recording: investment grants in cash are recorded when...
 - 4.163 Investment grants are recorded as:
- Other capital transfers (D.99)
 - 4.164 Definition: other capital transfers (D.99) cover transfers other than investment...
 - 4.165 Other capital transfers (D.99) include the following transactions:
 - 4.166 Time of recording is determined as follows:
 - 4.167 Other capital transfers are shown among changes in liabilities and...

EMPLOYEE STOCK OPTIONS (ESOs)

- 4.168 A particular form of income in kind is the practice...
- 4.169 Typically an employer informs his employees of the decision to...
- 4.170 The International Accounting Standards Board (IASB) accounting recommendations are that...
- 4.171 In the ESA, if there is neither an observable market...
- 4.172 Before the option is exercised, the arrangement between the employer...
- 4.173 An estimate of the value of the ESO is to...
- 4.174 The costs of administering ESOs are borne by the employer...
- 4.175 Although the value of the stock option is treated as...
- 4.176 In the financial account, the acquisition of ESOs by households...
- 4.177 In principle, any change in value between the grant date...
- 4.178 When an ESO is exercised, the entry in the balance...

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CHAPTER 5

FINANCIAL TRANSACTIONS

5.01 Definition: financial transactions (F) are transactions in financial assets (AF)...

5.02 A financial transaction between institutional units is a simultaneous creation...

GENERAL FEATURES OF FINANCIAL TRANSACTIONS

Financial assets, financial claims, and liabilities

5.03 Definition: financial assets consist of all financial claims, equity and...

5.04 Financial assets are stores of value representing a benefit or...

5.05 Definition: a financial claim is the right of a creditor...

5.06 Definition: liabilities are established when a debtor is obliged to...

5.07 The gold bullion component of monetary gold, held by monetary...

Contingent assets and contingent liabilities

5.08 Definition: contingent assets and contingent liabilities are agreements whereby one...

5.09 Contingent assets and contingent liabilities include:

5.10 Contingent assets and contingent liabilities do not include:

5.11 Although contingent assets and contingent liabilities are not recorded in...

Box 5.1 Treatment of guarantees in the system

B5.1.1. Definition: guarantees are arrangements whereby the guarantor undertakes to a...

B5.1.2. Three different types of guarantees are distinguished. These apply only...

Categories of financial assets and liabilities

5.12 Eight categories of financial assets are distinguished:

5.13 Each financial asset has a counterpart liability, with the exception...

5.14 The classification of financial transactions corresponds to the classification of...

5.15 Given the symmetry of financial claims and liabilities, the term...

Balance sheets, financial account, and other flows

5.16 The financial assets held and the liabilities outstanding at a...

5.17 The financial account is the final account in the sequence...

5.18 The balancing item of the financial account is conceptually identical...

Valuation

5.19 Financial transactions are recorded at transaction values, that is, the...

5.20 Financial transactions and their financial or non-financial counterpart transactions are...

5.21 The transaction value refers to a specific financial transaction and...

5.22 The transaction value does not include service charges, fees, commissions,...

Net and gross recording

5.23 Definition: net recording of financial transactions means that acquisitions of...

5.24 Definition: gross recording of financial transactions means that acquisitions and...

Consolidation

5.25 Definition: consolidation in the financial account refers to the process...

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- 5.26 Different levels of consolidation are appropriate for different types of...
- 5.27 As a rule, the accounting entries in the ESA 2010...
- Netting
- 5.28 Definition: netting is the consolidation at the level of a...
- 5.29 Various degrees of netting can be distinguished as transactions in...
- 5.30 When a department of an institutional unit purchases bonds issued...
- 5.31 Netting may be unavoidable for transactions of an institutional unit...
- Accounting rules for financial transactions
- 5.32 Quadruple-entry is an accounting practice in which each transaction involving...
- 5.33 A financial transaction always has a counterpart transaction. This counterpart...
- 5.34 Where a transaction and its counterpart are both financial transactions,...
- 5.35 The counterpart of a financial transaction may be a non-financial...
A financial transaction with a current or a capital transfer...
- 5.36 The counterpart transaction of a financial transaction may be a...
- 5.37 If the owner of a quasi-corporation assumes liabilities from or...
- 5.38 If government cancels or assumes debt from a public corporation...
- 5.39 If government cancels or assumes debt from a public corporation...
- 5.40 The writing-off or writing-down of bad debts by creditors and...
A financial transaction with property income as counterpart
- 5.41 The counterpart transaction of a financial transaction may be property...
- 5.42 Interest (D.41) is receivable by creditors and payable by debtors...
- 5.43 Interest is recorded as accruing continuously over time to the...
- 5.44 When accrued interest is not paid when due, it gives...
- 5.45 Income of corporations comprises dividends (D.421), withdrawals of income from...
- 5.46 Dividends are recorded as investment income at the time the...
- 5.47 Property income receivable by investment funds, net of a part...
- 5.48 Investment income is attributed to insurance policy holders (D.44), holders...
- Time of recording
- 5.49 Financial transactions and their counterpart transactions are recorded at the...
- 5.50 When the counterpart of a financial transaction is a non-financial...
- 5.51 When the counterpart of a financial transaction is a financial...
- A from-whom-to-whom financial account
- 5.52 The from-whom-to-whom financial account or the financial account by debtor/creditor...
- 5.53 Based on the principle of quadruple-entry accounting a from-whom-to-whom financial...
- 5.54 The table for the financial instrument debt securities category shows...
- 5.55 The from-whom-to-whom financial account allows analysis of who is financing...

CLASSIFICATION OF FINANCIAL TRANSACTIONS BY CATEGORIES IN DETAIL

- Monetary gold and special drawing rights (F.1)
- 5.56 The monetary gold and special drawing rights (SDRs) (F.1) category...
Monetary gold (F.11)
- 5.57 Definition: monetary gold is gold to which monetary authorities have...

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- 5.58 Monetary authorities include the central bank and central government institutions...
 - 5.59 Being subject to the effective control of monetary authorities means...
 - 5.60 All monetary gold is included in reserve assets or is...
 - 5.61 Gold bullion included in monetary gold is the only financial...
 - 5.62 Allocated gold accounts provide ownership of a specific piece of...
 - 5.63 In contrast to allocated gold accounts, unallocated gold accounts represent...
 - 5.64 Transactions in monetary gold consist predominantly of purchases and sales...
 - 5.65 If monetary authorities add non-monetary gold to their holdings of...
 - 5.66 Deposits, loans, and securities denominated in gold are treated as...
 - 5.67 Gold loans consist of the delivery of gold for a...
 - 5.68 Monetary gold is a financial asset; the fees for gold...
- SDRs (F.12)
- 5.69 Definition: SDRs are international reserve assets created by the International...
 - 5.70 The SDR Department of the IMF manages reserve assets by...
 - 5.71 The creation of SDRs through their allocation, and extinguishing them...
 - 5.72 SDRs are held exclusively by official holders, which are central...
 - 5.73 SDRs are assets with matching liabilities but the assets represent...
- Currency and deposits (F.2)
- 5.74 Definition: currency and deposits are currency in circulation and deposits,...
 - 5.75 There are three sub-categories of financial transaction in relation to...
- Currency (F.21)
- 5.76 Definition: currency is notes and coins that are issued or...
 - 5.77 Currency includes:
 - 5.78 Currency does not include:
- Box 5.2 Currency issued by the Eurosystem
- B5.2.1. Euro banknotes and coins issued by the Eurosystem are the...
 - B5.2.2. Currency issued by the Eurosystem includes notes and coins. Notes...
- Deposits (F.22 and F.29)
- 5.79 Definition: deposits are standardised, non-negotiable contracts with the public at...
- Transferable deposits (F.22)
- 5.80 Definition: transferable deposits are deposits exchangeable for currency on demand,...
 - 5.81 Transferable deposits predominantly represent liabilities of resident deposit-taking corporations, in...
 - 5.82 Transferable deposit accounts may have overdraft facilities. If the account...
 - 5.83 All resident sectors and the rest of the world may...

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- 5.84 Transferable deposits may be divided by currency into transferable deposits...
- Other deposits (F.29)
- 5.85 Definition: other deposits are deposits other than transferable deposits. Other...
- 5.86 Other deposits include:
- 5.87 Other deposits do not include negotiable certificates of deposit and...
- 5.88 Other deposits may be divided by currency into other deposits...
- Debt securities (F.3)
- 5.89 Definition: debt securities are negotiable financial instruments serving as evidence...
 - Main features of debt securities
 - 5.90 Debt securities have the following characteristics:
 - 5.91 Debt securities include financial assets and liabilities which may be...
 - Classification by original maturity and currency
 - 5.92 Transactions in debt securities are divided by original maturity into...
 - 5.93 Debt securities may be denominated in national currency or in...
 - 5.94 Debt securities with both principal and coupon linked to a...
 - Classification by type of interest rate
 - 5.95 Debt securities may be classified by type of interest rate....
 - Fixed interest rate debt securities
 - 5.96 Fixed interest rate debt securities cover:
 - 5.97 Fixed interest rate debt securities also include other debt securities...
 - Variable interest rate debt securities
 - 5.98 Variable interest rate debt securities have their interest and/or principal...
 - 5.99 Variable interest rate debt securities are usually classified as long-term...
 - 5.100 Inflation-linked and asset price-linked debt securities include those debt securities...
 - 5.101 For interest rate-linked debt securities, the contractual nominal interest and/or...
 - Mixed interest rate debt securities
 - 5.102 Mixed interest rate debt securities have both a fixed and...
 - Private placements
 - 5.103 Debt securities also include private placements. Private placements involve an...
 - Securitisation
 - 5.104 Definition: securitisation is the issuance of debt securities for which...
 - 5.105 Securitisation of assets or of future income streams is an...
 - 5.106 Securitisation schemes vary within and across debt securities markets. These...
 - 5.107 With regard to the scheme referred to in point (a)...
 - 5.108 It is essential to establish, in particular, whether the financial...
 - 5.109 In the case of the securitisation scheme referred to in...

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5.110 An asset-backed security (ABS) is a debt security whose principal...

Covered bonds

5.111 Definition: covered bonds are debt securities issued by a financial...

Loans (F.4)

5.112 Definition: loans are created when creditors lend funds to debtors....

Main features of loans

5.113 Loans are characterised by the following features:

5.114 Loans can be financial assets or liabilities of all resident...

Classification of loans by original maturity, currency, and purpose of...

5.115 Transactions in loans can be categorised into two types of...

5.116 For analytical purposes, loans may be subcategorised further as follows:...

Distinction between transactions in loans and transactions in deposits

5.117 The distinction between transactions in loans (F.4) and transactions in...

5.118 Short-term loans granted to deposit taking corporations are classified as...

5.119 Placements of funds between deposit-taking corporations are always recorded as...

Distinction between transactions in loans and transactions in debt securities...

5.120 The distinction between transactions in loans (F.4) and transactions in...

5.121 In most cases, loans are evidenced by a single document...

5.122 A secondary market in loans exists. In cases where loans...

5.123 Standardised loans are offered in most cases by financial corporations...

Distinction between transactions in loans, trade credit and trade bills...

5.124 Trade credit is credit extended directly by the suppliers of...

5.125 Trade credit is distinguished from loans to finance trade, which...

Securities lending and repurchase agreements

5.126 Definition: securities lending is the temporary transfer of securities by...

5.127 Definition: a securities repurchase agreement is an arrangement involving the...

5.128 Securities lending with cash collateral and repurchase agreements (repos) are...

5.129 The securities provided under securities lending and repurchase agreements are...

5.130 Neither the supply and receipt of funds under a securities...

5.131 If a securities lending does not involve the supply of...

5.132 Marginal calls in cash under a repo are classified as...

5.133 Gold swaps are similar to securities repurchase agreements except that...

Financial leases

5.134 Definition: a financial lease is a contract under which the...

5.135 Financial leases may be distinguished from other kinds of leases...

Other types of loans

5.136 The loans category includes the following:

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- 5.137 The special case of non-performing loans is discussed in Chapter...
- Financial assets excluded from the category of loans
- 5.138 The category of loans does not include:
- Equity and investment fund shares or units (F.5)
- 5.139 Definition: equity and investment fund shares or units are residual...
- 5.140 Equity and investment fund shares are divided into two subcategories:...
- Equity (F.51)
- 5.141 Definition: equity is a financial asset that is a claim...
- 5.142 Ownership of equity in legal entities is usually evidenced by...
- Depository receipts
- 5.143 Definition: depository receipts represent ownership of securities listed in other...
- 5.144 Equity is subcategorised into the following:
- 5.145 Both listed shares and unlisted shares are negotiable, and described...
- Listed shares (F.511)
- 5.146 Definition: listed shares are equity securities listed on an exchange....
- Unlisted shares (F.512)
- 5.147 Definition: unlisted shares are equity securities not listed on an...
- 5.148 Equity securities include shares issued by unlisted limited liability companies...
- Initial public offering, listing, de-listing, and share buy back
- 5.149 An initial public offering (IPO), also referred to simply as...
- 5.150 Listing refers to the corporation's shares being on the list...
- 5.151 Corporations may buy back their own equity in a share...
- Financial assets excluded from equity securities
- 5.152 Equity securities do not include:
- Other equity (F.519)
- 5.153 Definition: other equity comprises all forms of equity other than...
- 5.154 Other equity includes:
- Valuation of transactions in equity
- 5.155 New shares are recorded at issue value, which is nominal...
- 5.156 Transactions in shares in circulation are recorded at their transaction...
- 5.157 Scrip dividend shares are shares valued at the price implied...
- 5.158 Issues of bonus shares are not recorded. However, in cases...
- 5.159 The transaction value of equity (F.51) is the amount of...
- Investment fund shares or units (F.52)
- 5.160 Definition: investment fund shares are shares of an investment fund...

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- 5.161 Investment funds are also called mutual funds, unit trusts, investment...
 - 5.162 Investment fund shares may be listed or unlisted. When they...
 - 5.163 Investment fund shares are subdivided into:
 - MMF shares or units (F.521)
 - 5.164 Definition: MMF shares or units are shares issued by MMFs....
 - Non-MMF investment fund shares/units (F.522)
 - 5.165 Definition: other investment fund shares or units other than MMF...
 - 5.166 Other unlisted investment fund shares or units other than MMF...
 - Valuation of transactions in investment fund shares or units
 - 5.167 Transactions in investment fund shares or units include the value...
- Insurance, pension and standardised guarantee schemes (F.6)
- 5.168 Insurance, pension and standardised guarantee schemes are divided into six...
 - Non-life insurance technical reserves (F.61)
 - 5.169 Definition: non-life insurance technical reserves are financial claims that non-life...
 - 5.170 Transactions in non-life insurance technical reserves for unearned premiums and...
 - 5.171 Unearned premiums are premiums paid but not yet earned. Premiums...
 - 5.172 Claims outstanding are claims due but not yet settled, including...
 - 5.173 Other technical reserves, such as equalisation reserves, may be identified...
 - Life insurance and annuity entitlements (F.62)
 - 5.174 Definition: life insurance and annuity entitlements consist of financial claims...
 - 5.175 Life insurance and annuity entitlements are used to provide benefits...
 - 5.176 Transactions in life insurance and annuity entitlements consist of additions...
 - 5.177 Additions in terms of financial transactions consist of:
 - 5.178 Reductions consist of:
 - 5.179 In the case of a group insurance taken out by...
- Pension entitlements (F.63)
- 5.180 Definition: pension entitlements comprise financial claims that current employees and...
 - 5.181 Transactions in pension entitlements consist of additions less reductions, which...
 - 5.182 Additions in terms of financial transactions consist of:
 - 5.183 Reductions consist of:
 - Contingent pension entitlements
 - 5.184 The pension entitlements category does not include contingent pension entitlements...
- Claims of pension funds on pension managers (F.64)
- 5.185 An employer may contract with a third party to look...
- 5.186 When the pension manager is a unit different from the...

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Entitlements to non-pension benefits (F.65)

5.187 The excess of net contributions over benefits represents an increase...

Provisions for calls under standardised guarantees (F.66)

5.188 Definition: provisions for calls under standardised guarantees are financial claims...

5.189 Provisions relating to calls under standardised guarantees are prepayments of...

5.190 Standardised guarantees are guarantees that are issued in large numbers,...

5.191 Although it is not possible to establish the likelihood of...

5.192 Standardised guarantees cover guarantees on various financial instruments like deposits,...

5.193 When an institutional unit offers standardised guarantees, it charges fees...

5.194 A guarantee may cover a multi-year period. A fee may...

5.195 The nature of a standardised guarantee scheme is that there...

5.196 Net fees are calculated as fees receivable plus fee supplements...

Standardised guarantees and one-off guarantees

5.197 Standardised guarantees are distinguished from one-off guarantees according to two...

Financial derivatives and employee stock options (F.7)

5.198 Financial derivatives and employee stock options are divided into two...

Financial derivatives (F.71)

5.199 Definition: financial derivatives are financial instruments linked to a specified...

5.200 Financial derivatives are used for a number of purposes including...

5.201 The value of a financial derivative derives from the price...

5.202 Financial derivatives can be categorised by instrument such as options,...

Options

5.203 Definition: options are contracts which give the holder of the...

5.204 The purchaser of the option pays a premium (the option...

5.205 Warrants are a form of options. They give the holder...

5.206 The warrant may be detachable and traded separately from the...

Forwards

5.207 Definition: forwards are financial contracts under which two parties agree...

5.208 Futures are forward contracts traded on organised exchanges. Futures and...

Options vis-à-vis forwards

5.209 Options can be contrasted with forwards in that:

Swaps

5.210 Definition: swaps are contractual arrangements between two parties who agree...

5.211 Interest rate swaps are an exchange of interest payments of...

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- 5.212 Foreign exchange swaps are transactions in foreign currencies at a...
- 5.213 Currency swaps involve an exchange of cash flows related to...
 - Forward rate agreements (FRAs)
 - 5.214 Definition: FRAs are contractual arrangements in which two parties, to...
- Credit derivatives
 - 5.215 Definition: credit derivatives are financial derivatives the primary purpose of...
 - 5.216 The risk buyer pays cash to the risk seller in...
 - 5.217 Types of credit derivatives are credit default options, credit default...
- Credit default swaps
 - 5.218 Definition: credit default swaps (CDS) are credit insurance contracts. They...
 - 5.219 Where there is no default on the associated unit or...
- Financial instruments not included in financial derivatives
- 5.220 Financial derivatives do not include:
 - Employee stock options (F.72)
 - 5.221 Definition: employee stock options are agreements made on a given...
 - 5.222 Transactions in employee stock options are recorded in the financial...
 - Valuation of transactions in financial derivatives and employee stock options...
 - 5.223 Secondary trade in options and closing out options prior to...
 - 5.224 The transactions recorded for financial derivatives include any trading in...
 - 5.225 Any explicit commissions paid or received from brokers or intermediaries...
 - 5.226 Where contracts do not involve an exchange of principal, no...
 - 5.227 Changes in the value of the financial derivative over time...
 - 5.228 Subsequent re-exchanges of principal will be governed by the terms...
 - 5.229 For an institutional unit, a swap or a forward rate...
- Other accounts receivable/payable (F.8)
 - 5.230 Definition: other accounts receivable/payable are financial assets and liabilities created...
 - 5.231 Other accounts receivable/payable include transactions in financial claims which stem...
 - 5.232 Financial transactions in other accounts receivable/payable comprise:
 - Trade credits and advances (F.81)
 - 5.233 Definition: trade credits and advances are financial claims arising from...
 - 5.234 Trade credits and advances arise when payment for goods or...
 - 5.235 FISIM accrued but not yet paid is included with the...
 - 5.236 The trade credits and advances subcategory includes:
 - 5.237 Trade credits are to be distinguished from trade finance in...
 - 5.238 Trade credits and advances do not include loans to finance...

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- 5.239 Trade credits and advances may be divided by original maturity...
- Other accounts receivable/payable, excluding trade credits and advances (F.89)
- 5.240 Definition: other accounts receivable/payable are financial claims arising from timing...
- 5.241 Other accounts receivable/payable include financial claims created as a result...
- 5.242 Interest accrued and arrears are recorded with the financial asset...
- 5.243 For securities lending and gold loan fees, which are treated...
- 5.244 Other accounts receivable/payable do not include:

ANNEX CLASSIFICATION OF FINANCIAL TRANSACTIONS

- 5.A1.01 Financial transactions may be classified according to different criteria: by...
 - Classification of financial transactions by category
 - 5.A1.02 Financial transactions are classified in categories and subcategories as shown...
 - 5.A1.03 The classification of financial transactions and of financial assets and...
 - Classification of financial transactions by negotiability
 - 5.A1.04 Financial claims can be distinguished by whether they are negotiable...
 - 5.A1.05 Securities, financial derivatives and employee stock options (AF.7) are negotiable...
 - 5.A1.06 Monetary gold and SDRs (AF.1), currency and deposits (AF.2), loans...
 - Structured securities
 - 5.A1.07 Structured securities typically combine a security, or a basket of...
 - Classification of financial transactions by type of income
 - 5.A1.08 Financial transactions are classified by the type of income they...
 - Classification of financial transactions by type of interest rate
 - 5.A1.09 Financial assets and liabilities accruing interest may be broken down...
 - 5.A1.10 For financial instruments with a fixed interest rate the contractual...
 - 5.A1.11 For financial instruments with a variable interest rate, interest and...
 - 5.A1.12 Mixed interest rate financial instruments have both a fixed and...
 - Classification of financial transactions by maturity
 - 5.A1.13 For the analysis of interest rates, asset yields, liquidity or...
 - Short-term and long-term maturity
 - 5.A1.14 Definition: a financial asset or liability with short-term maturity is...
 - Original maturity and remaining maturity
 - 5.A1.15 Definition: the original maturity of financial assets or liabilities is...
 - 5.A1.16 The original maturity concept is helpful in understanding debt issuance...
 - 5.A1.17 Remaining maturity is more relevant to analysis of debt positions...
 - Classification of financial transactions by currency
 - 5.A1.18 Many of the categories, subcategories and sub-positions of the financial...
 - 5.A1.19 Financial assets or liabilities in foreign currency include financial assets...
 - 5.A1.20 The currency of settlement may be different from the currency...
 - Measures of money

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5.A1.21 Monetary policy analysis may require measures of money such as...

CHAPTER 6

OTHER FLOWS

INTRODUCTION

6.01 Other flows are changes in the value of assets and...

OTHER CHANGES IN ASSETS AND LIABILITIES

- 6.02 Definition: other changes in assets and liabilities are economic flows,...
- Other changes in the volume of assets and liabilities (K.1...)
- 6.03 In the capital account, produced and non-produced assets may enter...
- 6.04 Other changes in the volume of assets and liabilities include...
- 6.05 Other changes in the volume of assets and liabilities cover...
- Economic appearance of assets (K.1)
- 6.06 Economic appearance of assets is the increase in the volume...
- Economic disappearance of non-produced assets (K.2)
- 6.07 Economic disappearance of non-produced non-financial assets includes:
- Catastrophic losses (K.3)
- 6.08 Catastrophic losses recorded as other changes in volume result from...
- 6.09 Such events include major earthquakes, volcanic eruptions, tidal waves, exceptionally...
- Uncompensated seizures (K.4)
- 6.10 Uncompensated seizures occur when governments or other institutional units take...
- 6.11 Foreclosures and repossessions of assets by creditors are not recorded...
- Other changes in volume not elsewhere classified (K.5)
- 6.12 Other changes in volume not elsewhere classified (K.5) are the...
- 6.13 Examples of other changes in volume not elsewhere classified of...
- 6.14 Examples of other changes in volume not elsewhere classified concerning...
- 6.15 Other changes in volume not elsewhere classified exclude:
- Changes in classification (K.6)
- 6.16 Changes in classification comprise changes in sector classification and institutional...
- Changes in sector classification and institutional unit structure (K.61)
- 6.17 Reclassifying an institutional unit from one sector to another transfers...
- 6.18 Changes in sector classification transfer the entire balance sheet from...
- 6.19 Changes in structure of institutional units cover appearance and disappearance...

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- 6.20 Symmetrically, when a corporation is legally split up into two...
- Changes in classification of assets and liabilities (K.62)
- 6.21 Changes in classification of assets and liabilities occur where assets...
- 6.22 Appearance or disappearance of monetary gold held in the form...
- 6.23 A special case of a change in classification occurs for...
- 6.24 Operations in relation to gold bullion are recorded as follows....
- 6.25 Changes in classification of assets and liabilities do not include...
- Nominal holding gains and losses (K.7)
- 6.26 The revaluation account records the nominal holding gains and losses...
- 6.27 Definition: the nominal holding gains and losses (K.7) that relate...
- 6.28 A holding gain arises from an increase in the value...
- 6.29 The nominal holding gains and losses recorded in the revaluation...
- 6.30 Holding gains and losses include the gains and losses on...
- 6.31 Nominal holding gains and losses may accrue on assets held...
- 6.32 The nominal holding gain (G) accruing on a given quantity...
- 6.33 To calculate nominal holding gains and losses, acquisitions and disposals...
- 6.34 An exception to the case described in paragraph 6.33 is...
- 6.35 Four different situations leading to nominal holding gains and losses...
- 6.36 The nominal holding gains and losses included are those accruing...
- Neutral holding gains and losses (K.71)
- 6.37 Definition: the neutral holding gains and losses (K.71) relate to...
- 6.38 Neutral holding gains and losses are identified to facilitate the...
- 6.39 Let the general price index be denoted by r . The...
- 6.40 The general price index to be applied for the calculation...
- 6.41 Neutral holding gains and losses are recorded in the neutral...
- Real holding gains and losses (K.72)
- 6.42 Definition: the real holding gains and losses (K.72) relate to...
- 6.43 The real holding gain (RG) on a given quantity q ...
- 6.44 The values of the real holding gains and losses on...
- 6.45 Real holding gains and losses are recorded in the real...
- Holding gains and losses by types of financial asset and...
- Monetary gold and SDRs (AF.1)
- 6.46 As the price of monetary gold is usually quoted in...
- 6.47 As the SDRs represent a basket of currencies, its value...
- Currency and deposits (AF.2)
- 6.48 The current values of currency and deposits denominated in national...
- 6.49 The interest accruing on deposits is recorded in the financial...
- 6.50 Holdings of foreign currency and deposits denominated in other currencies...
- 6.51 In order to calculate the neutral and real holding gains...
- 6.52 In general, it may be inferred that if the total...
- Debt securities (AF.3)
- 6.53 When a long-term debt security, such as a bond, is...
- 6.54 The interest accruing is recorded in the financial account as...

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- 6.55 The prices of fixed-interest long-term debt securities also change, however,...
- 6.56 Variable interest rate debt securities have their coupon or principal...
- 6.57 Nominal holding gains and losses may accrue on short-term debt...
- Loans (AF.4)
- 6.58 The same situation as for currency and deposits applies for...
Equity and investment fund shares (AF.5)
- 6.59 Bonus shares increase the number of shares and the nominal...
Insurance, pension and standardised guarantee schemes (AF.6)
- 6.60 When the reserves and entitlements for insurance, pension and standardised...
- 6.61 The liabilities to policy holders and beneficiaries change as a...
Financial derivatives and employee stock options (AF.7)
- 6.62 The value of financial derivatives may change as a result...
Other accounts receivable/payable (AF.8)
- 6.63 The same situation as for domestic currency, deposits and loans...
- Assets denominated in foreign currency
- 6.64 The value of assets and liabilities denominated in foreign currency...

CHAPTER 7

BALANCE SHEETS

- 7.01. Definition: a balance sheet is a statement, drawn up for...
- 7.02 The balancing item of a balance sheet is called net...
- 7.03 The balance sheet completes the sequence of accounts, showing the...
- 7.04 For institutional sectors the balancing item on the balance sheet...
- 7.05 For the total national economy the balancing item is often...
- 7.06 The rest of the world balance sheet is compiled in...
- 7.07 Own funds are defined as the sum of net worth...
- 7.08 For the non-financial corporations and financial corporations sectors and subsectors,...
- 7.09 The net worth of corporations will usually be different from...
- 7.10 The balancing item of financial assets and liabilities is called...
- 7.11 A balance sheet relates to the value of assets and...
- 7.12 A basic accounting identity links the value of the stock...

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7.13 The accounting links between the opening balance sheet and the...

TYPES OF ASSETS AND LIABILITIES

Definition of an asset

- 7.14 The assets recorded in the balance sheets are economic assets....
- 7.15 Definition: an economic asset is a store of value representing...
- 7.16 The economic benefits consist of primary incomes such as operating...
- 7.17 The economic owner of an asset is not necessarily the...
- 7.18 An overview of the classification and coverage of economic assets...

EXCLUSIONS FROM THE ASSET AND LIABILITY BOUNDARY

- 7.19 Excluded from the asset and liability boundary are:

CATEGORIES OF ASSETS AND LIABILITIES

- 7.20 Two main categories of entries in the balance sheets are...
- 7.21 Non-financial assets are divided into produced non-financial assets (denoted as...
 - Produced non-financial assets (AN.1)
 - 7.22 Definition: produced non-financial assets (AN.1) are outputs from production processes....
 - 7.23 The classification of produced non-financial assets (AN.1) is designed to...
 - Non-produced non-financial assets (AN.2)
 - 7.24 Definition: non-produced non-financial assets (AN.2) are economic assets that come...
 - 7.25 The classification of non-produced assets is designed to distinguish assets...
 - 7.26 The choice of which natural assets to include in the...
 - 7.27 Contracts, leases, licences and permits are regarded as non-financial assets...
- Financial assets and liabilities (AF)
 - 7.28 Definition: financial assets (AF) are economic assets, comprising all financial...
 - 7.29 Financial assets are stores of value representing a benefit or...
 - 7.30 Each financial asset has a counterpart liability, with the exception...
 - 7.31 Contingent assets and contingent liabilities are agreements whereby one party...
 - 7.32 The classification of financial assets and liabilities corresponds to the...

VALUATION OF ENTRIES IN THE BALANCE SHEETS

General valuation principles

- 7.33 Each item in the balance sheet is valued as if...
- 7.34 The values recorded should reflect prices observable on the market...
- 7.35 Market prices are usually available for many financial assets and...
- 7.36 Non-financial assets produced on own-account should be valued at basic...
- 7.37 In addition to observed market prices, estimates based on observed...
- 7.38 Market valuation is the key principle for valuing positions (and...
- 7.39 Nominal valuation reflects the sum of funds originally advanced, plus...
- 7.40 For some non-financial assets, the revalued initial acquisition price reduces...
- 7.41 Most fixed assets can be recorded in balance sheets at...

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NON-FINANCIAL ASSETS (AN)

Produced non-financial assets (AN.1)

Fixed assets (AN.11)

7.42 Fixed assets are recorded at market prices if possible (or...

Intellectual property products (AN.117)

7.43 Mineral exploration and evaluation (category AN.1172) are valued either on...

7.44 Originals of intellectual property products, such as computer software and...

Costs of ownership transfer on non-produced assets (AN.116)

7.45 The costs of ownership transfer on non-produced assets other than...

Inventories (AN.12)

7.46 Inventories should be valued at prices prevailing on the date...

7.47 Inventories of materials and supplies are valued at purchasers' prices,...

7.48 Single-use crops (except timber) under cultivation and livestock raised for...

Valuables (AN.13)

7.49 Valuables such as works of art, antiques, jewellery, precious stones,...

Non-produced non-financial assets (AN.2)

Natural resources (AN.21)

Land (AN.211)

7.50 In the balance sheet land is valued at its current...

7.51 Land is valued at the estimated price achieved if sold...

7.52 If the value of the land cannot be separated from...

Mineral and energy reserves (AN.212)

7.53 Reserves of mineral deposits located on or below the earth's...

Other natural assets (AN.213, AN.214 and AN.215)

7.54 Observed market prices for non-cultivated biological resources (AN.213), water resources...

Contracts, leases and licences (AN.22)

7.55 Definition: contracts, leases and licences are recorded as assets when...

7.56 The category covers assets that may arise from marketable operating...

7.57 The value of the asset is equal to the net...

7.58 Marketable operating lease assets are only recorded as assets when...

Purchases less sales of goodwill and marketing assets (AN.23)

7.59 The balance sheet value of goodwill and marketing assets is...

7.60 Marketing assets consist of items such as brand names, mastheads,...

FINANCIAL ASSETS AND LIABILITIES (AF)

7.61 Financial assets and liabilities as negotiable financial instruments such as...

Monetary gold and SDRs (AF.1)

7.62 Monetary gold (AF.11) is to be valued at the price...

7.63 The value of SDRs (AF.12) is determined daily by the...

Currency and deposits (AF.2)

7.64 For currency (banknotes and coins — AF.21), the valuation is...

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- 7.65 For deposits (AF.22, AF.29), the values recorded in the balance...
- 7.66 Currency and deposits in foreign currency are converted to domestic...
- Debt securities (AF.3)
 - 7.67 Debt securities are recorded at market value.
 - 7.68 Short-term debt securities (AF.31) are valued at market value. If...
 - 7.69 Long-term debt securities (AF.32) are valued at market value, whether...
- Loans (AF.4)
 - 7.70 The values to be recorded in the balance sheets of...
- Equity and investment fund shares/units (AF.5)
 - 7.71 Listed shares (AF.511) are valued at their market values. The...
 - 7.72 Listed shares are valued at a representative mid-market price observed...
 - 7.73 The values of unlisted shares (AF.512), which are not traded...
 - 7.74 The estimation method applied depends on the basic statistics available....
 - 7.75 The ratio of share price to own funds may vary...
 - 7.76 Other equity (AF.519) is equity that is not in the...
 - 7.77 Quasi-corporations' other equity is valued according to their own funds,...
 - 7.78 Corporations that issue shares or units may additionally have other...
 - 7.79 Investment fund shares or units (AF.52) are valued at market...
- Insurance, pension and standardised guarantee schemes (AF.6)
 - 7.80 The amounts recorded for non-life insurance technical reserves (AF.61) cover...
 - 7.81 The amounts recorded for life insurance and annuity entitlements (AF.62)...
 - 7.82 The amounts recorded for pension entitlements (AF.63) depend on the...
 - 7.83 In a defined benefit pension scheme the level of pension...
 - 7.84 In a defined contribution scheme the benefits paid are dependent...
 - 7.85 The value recorded for provisions for calls under standardised guarantees...
- Financial derivatives and employee stock options (AF.7)
 - 7.86 Financial derivatives (AF.71) should be included in the balance sheets...
 - 7.87 For options, the writer of the option is considered to...
 - 7.88 The market value of options and forwards can switch between...
 - 7.89 Employee stock options (AF.72) are valued by reference to the...
- Other accounts receivable/payable (AF.8)
 - 7.90 Trade credits and advances (AF.81) and other accounts receivable/payable excluding...

FINANCIAL BALANCE SHEETS

- 7.91 The financial balance sheet shows, on its left side, financial...
- 7.92 The financial balance sheet of a resident sector or a...
- 7.93 The from-whom-to-whom financial balance sheet (the balance sheet by debtor/creditor)...

MEMORANDUM ITEMS

- 7.94 In order to show items of more specialised analytic interest...
- 7.95 Definition: consumer durables are durable goods used by households repeatedly...

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- 7.96 The stocks of consumer durables held by households as final...
- 7.97 Durable goods, such as vehicles, are classified as either fixed...
- Foreign direct investment (AF.m1)
- 7.98 Financial assets and liabilities that constitute direct investment are recorded...
- Non-performing loans (AF.m2)
- 7.99 Loans are recorded in the balance sheet at nominal value....
- 7.100 Certain loans that have not been serviced for some time...
- 7.101 Definition: a loan is non-performing when (a) payments of interest...
- 7.102 This definition of a non-performing loan is to be interpreted...
- 7.103 Two memorandum items are required for non-performing loans:
- 7.104 The closest approximation to market equivalent value is fair value,...
- Recording of non-performing loans
- 7.105 The non-performing loans of the general government and financial corporations...
- 7.106 The following table describes the positions and flows that are...
- 7.107 The example shows an outstanding amount of loans at nominal...
- 7.108 The assessments on loan loss provisions have to be made...

ANNEX SUMMARY OF EACH ASSET CATEGORY

ANNEX MAP OF ENTRIES FROM OPENING BALANCE SHEET TO CLOSING...

CHAPTER 8

THE SEQUENCE OF ACCOUNTS

INTRODUCTION

- 8.01 This Chapter sets out the details of the accounts and...
 - The sequence of accounts
- 8.02 The ESA records flows and stocks in an ordered set...
- 8.03 Each of the accounts shows resources and uses, which are...
- 8.04 The accounts are grouped in three categories:
- 8.05 The sequence of accounts applies to institutional units, institutional sectors...
- 8.06 The balancing items are established both gross and net. They...
- 8.07 The accounts are presented in two ways:
- 8.08 Table 8.1 shows a synoptic presentation of the accounts, balancing...
- 8.09 The balancing items are shown in the table in their...

SEQUENCE OF ACCOUNTS

- Current accounts
 - Production account (I)
 - 8.10 The production account (I) shows the transactions relating to the...
 - 8.11 The production account reveals one of the most important balancing...
 - 8.12 Value added (the balancing item of the account) may be...
 - 8.13 The production account at the level of the total economy...

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- 8.14 Financial intermediation services indirectly measured (FISIM) are allocated to users...
- Distribution and use of income accounts (II)
- 8.15 Distribution and use of income are analysed in four stages:...
 - Primary distribution of income accounts (II.1)
 - Generation of income account (II.1.1)
 - 8.16 The generation of income account is also presented by industries,...
 - 8.17 The generation of income account presents the transactions of primary...
 - 8.18 It shows how value added covers compensation of employees and...
 - 8.19 In the case of unincorporated enterprises in the households sector,...
 - 8.20 In the case of own account production of housing services...
 - Allocation of primary income account (II.1.2)
 - 8.21 Unlike the generation of income account, the allocation of primary...
 - 8.22 'Primary income' is the income which resident units receive by...
 - 8.23 For the households sector, compensation of employees (D.1) as a...
 - 8.24 The allocation of primary income account (II.1.2) can be calculated...
 - 8.25 The allocation of primary income account is broken down into...
 - Entrepreneurial income account (II.1.2.1)
 - 8.26 The purpose of the entrepreneurial income account is to determine...
 - 8.27 In the case of general government and non-profit institutions serving...
 - 8.28 Entrepreneurial income corresponds to the operating surplus or mixed income...
 - Allocation of other primary income account (II.1.2.2)
 - 8.29 The purpose of the allocation of other primary income account...
 - Secondary distribution of income account (II.2)
 - 8.30 The secondary distribution of income account shows how the balance...
 - 8.31 The balancing item of the account is disposable income, which...
 - 8.32 Social contributions are recorded on the uses side of the...
 - Redistribution of income in kind account (II.3)
 - 8.33 The redistribution of income in kind account gives a broader...
 - 8.34 Social transfers in kind are recorded on the resources side...
 - 8.35 The balancing item in the redistribution of income in kind...

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Use of income account (II.4)

8.36 For the institutional sectors with final consumption, the use of...

8.37 In the system, only government, NPISHs and households have final...

Use of disposable income account (II.4.1)

8.38 The use of disposable income account includes the concept of...

8.39 The balancing item in the use of disposable income account...

Use of adjusted disposable income account (II.4.2)

8.40 This account links with the redistribution of income in kind...

8.41 At the level of the total economy, final consumption expenditure...

8.42 Saving is the balancing item in both versions of the...

8.43 Saving is the (positive or negative) amount resulting from current...

Accumulation accounts (III)

8.44 The accumulation accounts are flow accounts. They record the various...

8.45 Changes in assets are recorded on the left-hand side of...

Capital account (III.1)

8.46 The capital account records acquisitions less disposals of non-financial assets...

8.47 The capital account makes it possible to determine the extent...
Change in net worth due to saving and capital transfers...

8.48 This account makes it possible to determine the change in...

Acquisitions of non-financial assets account (III.1.2)

8.49 This account records acquisitions less disposals of non-financial assets in...

Financial account (III.2)

8.50 The financial account records, by type of financial instrument, the...

8.51 The classification of assets and liabilities used in the financial...

Other changes in assets account (III.3)

8.52 The other changes in assets account records changes in assets...

Other changes in volume of assets account (III.3.1)

8.53 The movements recorded in the other changes in volume of...

Revaluation account (III.3.2)

8.54 The revaluation account records changes in the value of assets...

8.55 The flows recorded in the revaluation account change the net...

8.56 The revaluation account is broken down into two subaccounts: the...

Neutral holding gains and losses account (III.3.2.1)

8.57 The neutral holding gains and losses account records changes in...

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Real holding gains and losses account (III.3.2.2)

8.58 Real holding gains and losses measure the difference between nominal...

8.59 If the nominal holding gains net of the nominal holding...

Balance sheets (IV)

8.60 The aim of the balance sheets is to give a...

Opening balance sheet (IV.1)

8.61 The opening balance sheet records the value of assets and...

Changes in balance sheet (IV.2)

8.62 The changes in balance sheet account records changes in the...

Closing balance sheet (IV.3)

8.63 The closing balance sheet records the value of assets and...

8.64 The value of an asset or liability in the closing...

REST OF THE WORLD ACCOUNTS (V)

8.65 The rest of the world accounts record transactions between resident...

8.66 The sequence of rest of the world accounts follows the...

8.67 The accounts listed in points (a) to (c) of paragraph...

Current accounts

External account of goods and services (V.I)

8.68 Imports of goods and services are recorded on the resources...

8.69 Imports and exports are both valued at the customs frontier...

External account of primary incomes and current transfers (V.II)

8.70 The purpose of the external account of primary incomes and...

8.71 On the resources side, the external account of primary incomes...

External accumulation accounts (V.III)

Capital account (V.III.1)

8.72 The rest of the world capital account records acquisitions less...

8.73 The balancing item of the capital account is the net...

Financial account (V.III.2)

8.74 The layout of the rest of the world financial account...

Other changes in assets account (V.III.3)

8.75 As for the institutional sectors, the changes in net worth...

8.76 The absence of produced assets in the accumulation accounts and...

Balance sheets (V.IV)

8.77 The balance sheets of the rest of the world contain...

GOODS AND SERVICES ACCOUNT (0)

8.78 The purpose of the goods and services account is to...

8.79 It therefore shows, by product group and for the total...

8.80 Given the way in which output is valued at basic...

8.81 Uses are recorded on the right-hand side of the goods...

8.82 The goods and services account is by definition in balance...

INTEGRATED ECONOMIC ACCOUNTS

8.83 The integrated economic accounts give a concise overview of the...

8.84 In the table of integrated economic accounts, uses, assets and...

8.85 To make the table readable while giving a picture of...

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- 8.86 The columns in the table represent the institutional sectors, namely:...
- 8.87 The rows in the table represent the various categories of...

AGGREGATES

- 8.88 The aggregates are summary indicators of the result of the...
 - Gross domestic product at market prices (GDP)
 - 8.89 Gross domestic product at market prices is the final result...
 - 8.90 By deducting consumption of fixed capital from GDP, we obtain...
 - Operating surplus of the total economy
 - 8.91 The gross (or net) operating surplus of the total economy...
 - Mixed income of the total economy
 - 8.92 The gross (or net) mixed income of the total economy...
 - Entrepreneurial income of the total economy
 - 8.93 The gross (or net) entrepreneurial income of the total economy...
 - National income (at market prices)
 - 8.94 Gross (or net) national income (at market prices) represents total...
 - National disposable income
 - 8.95 Gross (or net) national disposable income is the sum of...
 - Saving
 - 8.96 This aggregate measures the portion of national disposable income that...
 - Current external balance
 - 8.97 The balancing item in the external account of primary income...
 - Net lending (+) or borrowing (-) of the total economy...
 - 8.98 The net lending (+) or borrowing (-) of the total...
 - Net worth of the total economy
 - 8.99 The net worth of the total economy is the sum...
 - General government expenditure and revenue
 - 8.100 Government expenditure comprises the following ESA categories, recorded under the...

CHAPTER 9

SUPPLY AND USE TABLES AND THE INPUT-OUTPUT FRAMEWORK

INTRODUCTION

- 9.01 The purpose of this Chapter is to provide an overview...
- 9.02 The core of the input-output framework is the supply and...
- 9.03 Supply and use tables are matrices describing the values of...
- 9.04 A supply table shows the supply of goods and services...
- 9.05 A use table shows the use of goods and services...
- 9.06 In the supply and use tables the following identities apply:...
- 9.07 Supply and use tables are the central framework for industry...
- 9.08 The supply and use tables contain the flows in the...
- 9.09 A symmetric input-output table is shown in Table 9.4, and...
- 9.10 Most statistical information that can be obtained from producer units...
- 9.11 By contrast, information of a product-by-product or industry-by-industry nature as...
- 9.12 Information arranged in the form of supply and use tables...
- 9.13 Supply and use tables and the input-output framework combine three...

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DESCRIPTION

9.14 Supply and use tables give a systematic description of the...

STATISTICAL TOOL

9.15 Using information on production, expenditure and income in the construction...

9.16 In measuring GDP at market prices, three basic approaches can...

9.17 The supply and use tables are, in particular, useful for...

9.18 The supply and use tables serve a variety of statistical...

TOOL FOR ANALYSIS

9.19 A major analytic strength of input-output tables is that they...

SUPPLY AND USE TABLES IN MORE DETAIL

Classifications

9.20 The classification used for industries in supply, use and input-output...

9.21 In the supply and use tables, the classification for products...

9.22 Industry and product classifications can be based on three different...

9.23 The industry and product classifications in the national accounts are...

9.24 Local KAUs within one industry can have different production processes...

9.25 Due to the changing economic importance of different industries and...

9.26 The product classification in the supply and use tables is...

9.27 The distinction between market output, output for own final use...

9.28 The distinction between market producers, producers for own final use...

9.29 For analysing the economy of Member States from a European...

Valuation principles

9.30 In the supply table, flows of goods and services are...

9.31 Gross value added is recorded at basic prices. It is...

9.32 Gross value added at factor cost is not a concept...

9.33 The transition from supply at basic prices to purchasers' prices...

9.34 Thus, the following tables result from the balancing process:

Trade and transport margins

9.35 Part of the transition of supply tables from basic prices...

9.36 The total of trade margins by product is equal to...

9.37 Transport margins include transportation costs paid separately by the purchaser...

9.38 All other costs of transporting goods are not recorded as...

9.39 Table 9.7 shows a somewhat simplified picture of a trade...

Taxes less subsidies on production and imports

9.40 Taxes on production and imports consist of:

9.41 Supply at basic prices includes other taxes less subsidies on...

9.42 Table 9.8 on taxes less subsidies on products is simplified,...

9.43 Taxes and subsidies on products are the amounts due for...

9.44 VAT may be deductible, non-deductible or not applicable:

9.45 VAT is recorded net: all supplies are valued at basic...

Other basic concepts

9.46 In the supply and use tables, two adjustment items are...

9.47 The transfer of existing goods is recorded in the use...

9.48 For a good understanding of supply and use tables, it...

Supplementary information

9.49 The use Table 9.6 contains supplementary information: gross fixed capital...

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DATA SOURCES AND BALANCING

9.50 For compiling output by industry and product, the major data...

9.51 Such data are used to prepare a first incomplete set...

TOOL FOR ANALYSIS AND EXTENSIONS

9.52 For analysis, three types of tables can be used:

9.53 Use Table 9.6 does not show to what extent the...

9.54 The use table for imported products is compiled by exploiting...

9.55 The use table for goods and services produced domestically can...

9.56 In theory, four basic models exist for the transformation of...

9.57 The choice of the best assumption to apply in each...

9.58 The symmetric input-output table can be broken down into two...

9.59 Supply and use tables and symmetric input-output tables can be...

9.60 Industry-by-industry tables are well suited for analyses related to industries,...

9.61 However, the analytical properties of product-by-product tables and industry-by-industry tables...

9.62 In general, many specific types of analysis are served by...

9.63 In order to serve more specific purposes, the supply and...

CHAPTER 10

PRICE AND VOLUME MEASURES

10.01 In a system of economic accounts, all the flows and...

10.02 When time comparisons of flows and stocks are concerned, equal...

10.03 The general rule for comparisons in space is that accurate...

10.04 Economic accounts have the advantage of providing a suitable framework...

10.05 Despite the advantages of an integrated system based on the...

SCOPE OF PRICE AND VOLUME INDICES IN THE NATIONAL ACCOUNTS...

10.06 Amongst the flows, which appear in economic accounts at current...

10.07 The objective and the procedure followed when measuring the real...

The integrated system of price and volume indices

10.08 The systematic division of changes in current values into the...

10.09 The items to be considered when constructing such an integrated...

Other price and volume indices

10.10 In addition to the price and volume measures considered above,...

10.11 Compensation of employees is an element of income. For the...

GENERAL PRINCIPLES OF MEASURING PRICE AND VOLUME INDICES

Definition of prices and volumes of market products

10.12 Volume and price indices can only be derived for variables...

Quality, price and homogeneous products

10.13 Another way of defining a homogeneous product is to say...

10.14 In practice, however, two units of a product with identical...

10.15 Lack of information means that purchasers may not always be...

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- 10.16 Price discrimination implies that sellers may be in a position...
- 10.17 Parallel markets may exist for several reasons. Buyers may be...
- 10.18 Thus, if quality is defined by all the characteristics common...
- Prices and volume
- 10.19 The introduction of the notion of volume in national accounts...
- 10.20 There is however a simple way of breaking down the...
- 10.21 The main advantages of using Paasche price indices and Laspeyres...
- 10.22 Chained indices present the drawback that they lead to volumes...
- 10.23 The non-additive volume data calculated with chain indices are to...
- 10.24 In practice, since it is impossible to measure prices and...
- 10.25 In view of the equation linking the value, price and...
- New products
- 10.26 The method of calculating price and volume indices outlined above...
- 10.27 For transactions in services it is frequently more difficult to...
- Principles for non-market services
- 10.28 The establishment of a comprehensive system of price and volume...
- 10.29 In the absence of a unit market price, the unit...
- 10.30 It is difficult, however, to define units of quantity for...
- Principles for value added and GDP
- 10.31 Value added, the balancing item in the production account, is...
- 10.32 Definition: value added in volume terms is defined as the...
- 10.33 In some cases, where the statistical data remain incomplete or...
- 10.34 By their very nature, therefore, the indices of volume and...

SPECIFIC PROBLEMS IN THE APPLICATION OF THE PRINCIPLES

- 10.35 Although essentially limited to transactions involving goods and services, the...
 - Taxes and subsidies on products and imports
 - 10.36 The possibility mentioned above exists, in particular, in the case...
 - 10.37 The simplest case is that of taxes which represent a...
 - 10.38 A more frequent case is that in which the tax...
 - 10.39 The amount of taxes on products, excluding VAT (D.212 and...
 - 10.40 Similarly, the amount of subsidies on products (D.31) is measured...
 - 10.41 VAT on products (D.211) is, both for the whole economy...
 - Other taxes and subsidies on production
 - 10.42 The treatment of other taxes (D.29) and subsidies (D.39) on...
 - Consumption of fixed capital
 - 10.43 The calculation of volume measures of the consumption of fixed...
 - Compensation of employees
 - 10.44 For the purpose of measuring the volume of input from...
 - Stocks of produced fixed assets and inventories
 - 10.45 Volumes at the prices of the previous year are needed...

MEASURES OF REAL INCOME FOR THE TOTAL ECONOMY

- 10.46 It is generally not possible to divide income flows into...
- 10.47 Gross domestic product at previous year prices measures the total...

INTERSPATIAL PRICE AND VOLUME INDICES

- 10.48 The fact that countries have different price levels and currencies...
- 10.49 Instead, purchasing power parities (PPPs) are applied. A PPP is...
- 10.50 PPPs for market goods and services are based on international...
- 10.51 For non-market services, interspatial comparisons face the same problem as...
- 10.52 In the calculation of PPPs, the same index number formulae...
- 10.53 Explicit numerical weights are usually not available at the level...

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- 10.54 Transitivity implies that the direct PPP between countries A and...
- 10.55 The resulting set of transitive PPPs for all countries and...
- 10.56 The European Commission (Eurostat) is responsible for calculating PPPs for...

CHAPTER 11

POPULATION AND LABOUR INPUTS

- 11.01 Comparisons between countries, or between industries or sectors within the...
- 11.02 The aim of this Chapter is to describe the frameworks...
- 11.03 Labour inputs are classified on the basis of the same...
- 11.04 The aggregates to which the figures for population and labour...

TOTAL POPULATION

- 11.05 Definition: on a given date, the total population of a...
- 11.06 Total population is defined for national accounts according to the...
- 11.07 The total population of a country includes:
- 11.08 Conversely, the total population of a country does not include:...
- 11.09 The definition of population given above differs from the present,...

ECONOMICALLY ACTIVE POPULATION

- 11.10 Definition: the economically active population comprises all persons, who provide,...

EMPLOYMENT

- 11.11 Definition: employment covers all persons engaged in productive activity that...
Employees
 - 11.12 Definition: employees are defined as persons who, by agreement, work...
 - 11.13 The following categories of employees are included:
 - 11.14 Persons temporarily not at work are also considered as employees...
- Self-employed persons
 - 11.15 Definition: self-employed persons are defined as persons who are the...
 - 11.16 Self-employed persons include the following categories:
Employment and residence
 - 11.17 The results of the activity of producer units are consistent...
 - 11.18 The following categories are excluded from employment:
 - 11.19 In order to be able to make the transition to...

UNEMPLOYMENT

- 11.20 Definition: in accordance with the guidelines established by the International...
- 11.21 The specific steps may include: registration at a public or...

JOBS

- 11.22 Definition: a job is defined as an explicit or implicit...
- 11.23 The concept of jobs differs from the concept of employment...
Jobs and residence

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11.24 A job in the economic territory of the country is...

11.25 Moreover:

THE NON-OBSERVED ECONOMY

11.26 Value of production activities that are not directly observed are,...

TOTAL HOURS WORKED

11.27 Definition: total hours worked represents the aggregate number of hours...

Specifying hours actually worked

11.28 Total hours actually worked represents those hours of labour that...

11.29 Total hours worked is the aggregate number of hours actually...

11.30 Many surveys of enterprises record hours paid not hours worked...

11.31 For business cycle analysis, it may be useful to adjust...

FULL-TIME EQUIVALENCE

11.32 Definition: full-time equivalent employment, which equals the number of full-time...

11.33 This definition does not necessarily describe how the concept is...

11.34 Total hours worked are the best measure of labour inputs,...

EMPLOYEE LABOUR INPUT AT CONSTANT COMPENSATION

11.35 Definition: for labour inputs of similar type and qualifications in...

11.36 Compensation of employees at current prices divided by employee labour...

11.37 The purpose of the concept of employee labour input at...

PRODUCTIVITY MEASURES

11.38 Definition: productivity is a measure of output from a production...

CHAPTER 12

QUARTERLY NATIONAL ACCOUNTS

INTRODUCTION

12.01 This Chapter sets out the major principles and characteristics of...

12.02 Quarterly national accounts are national accounts whose reference period is...

12.03 Quarterly national accounts adopt the same principles, definitions, and structure...

12.04 Quarterly national accounts cover the entire sequence of accounts and...

12.05 Compared to annual national accounts, quarterly national accounts are compiled...

12.06 The time series of quarterly national accounts statistics, due to...

12.07 Quarterly national accounts rely on more limited data sources than...

12.08 The direct approach is based on the availability, at quarterly...

12.09 The purpose of quarterly national accounts is different from that...

12.10 Quarterly national accounts may be used in the compilation of...

12.11 A range of data feeds into the compilation of quarterly...

12.12 The coverage of quarterly national accounts corresponds to the coverage...

SPECIFIC FEATURES OF QUARTERLY NATIONAL ACCOUNTS

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- 12.13 Compilation issues which are especially important for quarterly national accounts...
 - Time of recording
 - 12.14 The rules on the time of recording that apply to...
 - 12.15 For quarterly national accounts, recording of activities and flows concentrated...
 - Work-in-progress
 - 12.16 Work-in-progress is incomplete output that is not yet ready for...
 - Activities concentrated in specific periods within a year
 - 12.17 Allocation of output on the basis of costs incurred over...
 - Low-frequency payments
 - 12.18 For an activity occurring throughout the year, low-frequency payments are...
 - 12.19 In order to deal with such timing issues, two categories...
 - 12.20 The application of accrual principles to quarterly data in such...
 - Flash estimates
 - 12.21 Quarterly national accounts provide an overview of the state of...
 - 12.22 A flash estimate is an early estimate of an economic...
 - Balancing and benchmarking of quarterly national accounts
 - 12.23 Quarterly national accounts are a coherent set of accounts compiled...
 - 12.24 The internal consistency of quarterly accounts is achieved by reconciling...
 - Balancing
 - 12.25 The balancing or reconciliation process is an integral part of...
 - 12.26 The principles and procedures of the balancing process applied to...
 - Consistency between quarterly and annual accounts — benchmarking
 - 12.27 The process of alignment of quarterly accounts to annual ones...
 - 12.28 Discrepancies between quarterly and annual accounts are mainly due to...
 - 12.29 Many different methods can be used for reconciling quarterly and...
 - 12.30 When quarterly aggregates are taken as the benchmark, annual aggregates...
 - 12.31 Very often, the reconciliation between quarterly and annual aggregates results...
 - Chain-linked measures of price and volume changes
 - 12.32 For annual national accounts, the measure of price and volume...
 - 12.33 Consistency between quarterly and annual accounts price and volume measures...
 - 12.34 Whilst quarterly chain-linked volume measures could be based on quarterly...
 - 12.35 Quarterly national accounts chain-linked volume series are quarterly volume changes...
 - 12.36 The annual overlap approach uses the annual average values of...
 - 12.37 By contrast, the one-quarter overlap approach generally leads to undistorted...
 - 12.38 The over-the-year approach of chain linking leads to undistorted year-on-year...
 - 12.39 Provided the substitution effects (changes in volumes due to shifts...
 - Seasonal and calendar adjustments

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- 12.40 Seasonality is any pattern that recurs on a regular basis...
- 12.41 The calendar effect is the impact on a time series...
- 12.42 The presence of seasonal and calendar effects in quarterly national...
- 12.43 Seasonal variations are commonly the effect of variations in energy...
- 12.44 For a reliable estimation of seasonal factors, the time series...
Sequence of compilation of seasonally adjusted chain-linked volume measures
- 12.45 The compilation of seasonal and calendar adjusted quarterly national accounts...
- 12.46 The sequence of application of the different steps of the...
- 12.47 There are quarterly national accounts compilation systems in which seasonally...
- 12.48 Quarterly national accounts volume measures in average prices of the...
- 12.49 Seasonally adjusted chain-linked quarterly volume measures are constrained to the...
- 12.50 The calendar effect can be divided into a seasonal and...
- 12.51 Calendar adjustment removes those non-seasonal calendar components from the series,...

CHAPTER 13

REGIONAL ACCOUNTS

INTRODUCTION

- 13.01 This Chapter describes regional accounts in general and clarifies the...
- 13.02 Definition: regional accounts are a regional specification of the corresponding...
- 13.03 National accounts concepts shall be used for regional accounts unless...
- 13.04 Regional accounts comprise the same set of accounts as national...
- 13.05 In several Member States, regions at various levels have a...
- 13.06 Regional accounts also serve important specific administrative purposes, e.g.:
- 13.07 Regional accounts can be used flexibly at various levels of...
- 13.08 Regional accounts shall be compiled on the basis of regional...

REGIONAL TERRITORY

- 13.09 A regional economy of a country is part of the...
- 13.10 The regional territory consists of that part of the economic...
- 13.11 The extra-regio territory is made up of parts of the...
- 13.12 The NUTS classification provides a single, uniform breakdown of the...

UNITS AND REGIONAL ACCOUNTS

- 13.13 Two types of units are distinguished for the national economy....
Institutional units
- 13.14 For regional accounts, depending on the regional level, two types...
- 13.15 All transactions of uniregional institutional units are allocated to the...
- 13.16 Some of the transactions of multiregional units cannot be allocated...
Local kind-of-activity units and regional production activities by industry
- 13.17 Enterprises can engage in production activities at more than one...
- 13.18 Institutional units can be classified on the basis of economic...

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- 13.19 The local kind-of-activity unit (local KAU) is the part of...
- 13.20 An industry for a region consists of a group of...
- 13.21 When defining a local KAU there are three distinct cases...
- 13.22 Production transactions between local KAUs, which belong to the same...
- 13.23 If an establishment undertaking only ancillary activities is statistically observable,...

METHODS OF REGIONALISATION

- 13.24 Regional accounts are based on the transactions of units that...
- 13.25 The bottom-up or ascending method of estimating a regional aggregate...
- 13.26 When information is only available at the level of units...
- 13.27 The top-down method is distributing a national total across the...
- 13.28 Bottom-up methods are rarely encountered in their pure form. Mixed...
- 13.29 Direct measures of regional values are preferred to indirect measures...
- 13.30 Indirect measurement on the basis of national aggregates and an...
- 13.31 Aggregates of production are allocated to the region where the...
- 13.32 For specific industries, like construction, energy production and energy distribution,...
- 13.33 Gross fixed capital formation is allocated to regions by ownership....

AGGREGATES FOR PRODUCTION ACTIVITIES

Gross value added and gross domestic product by region

- 13.34 Three approaches can be used for estimating regional gross domestic...
- 13.35 The production approach measures regional gross domestic product at market...
- 13.36 The income approach measures regional gross domestic product at market...
- 13.37 Information on gross operating surplus is generally not available by...
- 13.38 Taxes (less subsidies) on production consist of taxes (less subsidies)...
- 13.39 For measuring regional gross domestic product, the expenditure approach is...

The allocation of FISIM to user industries

- 13.40 Financial intermediation services indirectly measured (FISIM) are treated in regional...

Employment

- 13.41 Regional production measures are consistent with employment estimates in a...

Compensation of employees

- 13.42 For producers, compensation of employees is allocated to the local...

Transition from regional GVA to regional GDP

- 13.43 In order to calculate GDP at market prices for regions,...
- 13.44 Per inhabitant figures can be calculated for the GDP of...
- 13.45 Regional gross domestic product per inhabitant can be significantly influenced...

Volume growth rates of regional GVA

- 13.46 In measuring price and volume changes, the principles applied for...
- 13.47 A commonly used approach is therefore to deflate regional value...
- 13.48 Regional value added is deflated by using:

REGIONAL HOUSEHOLD INCOME ACCOUNTS

- 13.49 Distribution and redistribution of income result in balancing items, namely...
- 13.50 Regional accounts of households are a regional specification of the...

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- 13.51 The regional household accounts are based on the households that...
- 13.52 The rules for determining the residence of households at the...
- 13.53 The household accounts can be extended by the use of...
- 13.54 Allocation by region of final consumption expenditure by households requires...
- 13.55 Governments can play an important role in providing education, health...

CHAPTER 14

FINANCIAL INTERMEDIATION SERVICES INDIRECTLY MEASURED (FISIM)

THE CONCEPT OF FISIM AND THE IMPACT OF THEIR USER...

- 14.01 One traditional way in which financial services are provided is...
- 14.02 However, it is seldom the case that the amount of...
- 14.03 FISIM apply only to loans and deposits provided by, or...
- 14.04 To consider the impact of the allocation of FISIM on...
- 14.05 From the five cases presented in paragraph 14.04, the impact...

CALCULATION OF FISIM OUTPUT BY SECTORS S.122 AND S.125

- 14.06 FISIM are produced by FIs: the central bank (S.121); deposit-taking...
Statistical data required
 - 14.07 For each of the subsectors S.122 and S.125, data is...
 - Reference rates
 - 14.08 In the balance sheets of financial intermediaries included in subsectors...
Internal reference rate
 - 14.09 To obtain the FISIM output of the resident FIs by...
External reference rates
 - 14.10 To determine FISIM imports and exports, the reference rate used...
- Detailed breakdown of FISIM by institutional sector
 - 14.11 By convention, no interbank FISIM have to be calculated between...
Breakdown into intermediate and final consumption of FISIM allocated to...
 - 14.12 FISIM attributable to households are broken down into the following...

CALCULATION OF IMPORTS OF FISIM

- 14.13 Non-resident FIs grant loans to residents and receive deposits from...

FISIM IN VOLUME TERMS

- 14.14 Volume estimates of FISIM are calculated using stocks of loans...

CALCULATION OF FISIM BY INDUSTRY

- 14.15 The allocation of FISIM among user industries is based on...

THE OUTPUT OF THE CENTRAL BANK

- 14.16 The output of the central bank is, by convention, to...

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CHAPTER 15

CONTRACTS, LEASES AND LICENCES

INTRODUCTION

- 15.01 Contracts are agreements on the terms under which goods, services...
- 15.02 Leases, licences and permits are contracts which determine the classification...
- 15.03 In this Chapter, the recording of various groups of complex...

THE DISTINCTION BETWEEN OPERATING LEASES, RESOURCE LEASES AND FINANCIAL LEASES...

- 15.04 Three types of leases of non-financial assets are distinguished (see...
- 15.05 Every entity such as a good and service, a natural...
- 15.06 Definition: the economic owner of entities such as a good...
- 15.07 Definition: the legal owner of entities such as a good...

Operating leases

- 15.08 Definition: an operating lease is a lease whereby the legal...
- 15.09 One indicator of an operating lease is that it is...
- 15.10 Under an operating lease the asset remains on the balance...
- 15.11 The payments made for produced assets under an operating lease...
- 15.12 Operating leasing developed originally to meet the needs of users...

Financial leases

- 15.13 Definition: a financial lease is one where the lessor is...
- 15.14 Under a financial lease, the legal owner is shown as...
- 15.15 Very often the nature of the asset subject to a...
- 15.16 It is common for a financial lease period to be...
- 15.17 A financial lease may also exist when the lease period...
- 15.18 Although a financial lease will typically be for several years,...
- 15.19 Any corporation that specialises in financial leasing, even if called...
- 15.20 Hire purchase is a type of financial leasing.
- 15.21 Hire purchase is usually restricted to consumer durables, and most...
- 15.22 In the case of hire purchase, the durable good is...

Resource leases

- 15.23 Definition: a resource lease is one where the owner of...
 - 15.24 In a resource lease, the resource asset remains on the...
 - 15.25 The classic case of an asset subject to a resource...
- ##### Permits to use a natural resource
- 15.26 Permits to use a natural resource can be issued by...
 - 15.27 When permits are issued for using a natural resource, three...
 - 15.28 In order to distinguish between rent, creation of a new...
 - 15.29 Natural resources, like land and mineral resources, may be acquired...
 - 15.30 The revenues of the government from a specific type of...

Permits to undertake specific activities

- 15.31 In addition to licences and leases to use an asset,...
- 15.32 When governments restrict the number of cars entitled to operate...
- 15.33 In principle, if the permit is valid for several years,...
- 15.34 The incentive to acquire such a permit is that the...
- 15.35 The permit to undertake specific activities as an asset first...
- 15.36 The value of the permit as an asset is determined...
- 15.37 A permit issued by government to undertake a specific activity...
- 15.38 For units other than government, it is much less common...

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- 15.39 A permit issued by a unit other than government to...
- 15.40 Governments issue emission permits to control total emissions. Such permits...
- Public-private partnerships (PPPS)
- 15.41 Public-private partnerships (PPPs) are long-term contracts between two units, whereby...
- Service concession contracts
- 15.42 Service concession contracts provide a company the exclusive right to...
- Marketable operating leases (AN.221)
- 15.43 Marketable operating leases are third-party property rights relating to non-financial...
- Entitlements to future goods and services on an exclusive basis...
- 15.44 Contracts for future production may also give rise to third-party...

CHAPTER 16

INSURANCE

INTRODUCTION

- 16.01 Insurance is an activity whereby institutional units or groups of...
- 16.02 Social insurance is a scheme that covers social risks and...
- 16.03 Insurance other than social insurance covers against events such as...
- 16.04 This Chapter is concerned with life and non-life insurance. It...
- 16.05 The rights and obligations of insurance are defined by an...
- 16.06 The insurance policy defines the roles of the parties involved,...
- 16.07 The most common form of insurance is called direct insurance,...
- Direct insurance
- 16.08 There are two types of direct insurance: life insurance and...
- 16.09 Definition: life insurance is an activity whereby a policyholder makes...
- 16.10 Life insurance also covers supplementary insurance against personal injury including...
- 16.11 Some classes of life insurance provide compensation in case the...
- 16.12 Definition: non-life insurance is an activity whereby a policyholder makes...
- 16.13 A life policy that provides a benefit in the case...
- 16.14 Life and non-life insurance both involve spreading risk. Insurers usually...
- 16.15 There are significant differences between life and non-life insurance that...
- Reinsurance
- 16.16 Definition: an insurer may protect against an unexpectedly large number...
- 16.17 Limitation of risks can also be achieved when a group...
- 16.18 Various options exist with the direct insurer to organise indirect...
- The units involved
- 16.19 The institutional units involved in direct insurance and reinsurance are...
- 16.20 Units that are primarily engaged in activities closely related to...

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OUTPUT OF DIRECT INSURANCE

- 16.21 The insurance company accepts a premium from a client and...
 - Premiums earned
 - 16.22 Definition: premiums earned are the proportion of premiums written that...
 - 16.23 The insurance premium is either a regular premium payable monthly...
 - 16.24 The premiums earned in the year in question take the...
 - 16.25 The reserves for unearned premiums and other reserves are included...
 - 16.26 Policyholders often have to pay a dedicated tax on payment...
 - Premium supplements
 - 16.27 Definition: premiums supplements are the income earned from the investment...
 - 16.28 For life insurance in particular, but also to a lesser...
 - 16.29 For non-life insurance, even though a premium may be payable...
 - 16.30 Similar reserves exist for life insurance but in addition there...
 - 16.31 All investment income attributed to policyholders is shown as payable...
 - Adjusted claims incurred and benefits due
 - 16.32 Definition: claims incurred and benefits due are the financial obligations...
 - 16.33 The concept of claims incurred in non-life insurance and benefits...
 - Non-life insurance adjusted claims incurred
 - 16.34 Claims can be distinguished between claims paid and claims incurred...
 - 16.35 Non-life insurance claims incurred in the calendar year take the...
 - 16.36 Any claims-related costs undertaken by the insurer, either external or...
 - 16.37 In the event of catastrophes, the losses incurred shall not...
 - 16.38 The production of insurance services is a continuous process, not...
 - 16.39 The estimate for adjusted claims incurred may be derived statistically...
 - 16.40 An alternative method of adjusting claims incurred for volatility is...
 - Life insurance benefits due
 - 16.41 Life insurance benefits due are the amounts payable under the...
 - 16.42 Any benefits-related costs shall not be included within the benefits...
 - Insurance technical reserves
 - 16.43 Definition: insurance technical reserves are the amounts that insurers set...
 - 16.44 In accordance with Council Directive 91/674/EEC, seven types of technical...
 - 16.45 When deriving the changes in the insurance technical reserves (F.61...
 - Defining insurance output
 - 16.46 Insurers provide an insurance service for their clients, but do...
 - 16.47 The insurer collects premiums and pays claims or benefits on...
 - 16.48 The insurance technical reserves are funds that insurers use to...
 - 16.49 This section describes the information needed to calculate the output...
 - Non-life insurance
 - 16.50 The output of the insurer is the service provided to...

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16.51 If an expectations approach is being used, the formula to...

Life insurance

16.52 The output of direct life insurance is calculated separately as:...

16.53 If adequate data are not available for the calculation of:...

16.54 In the calculation of output, holding gains and losses must...

Reinsurance

16.55 The formula to calculate the output of reinsurance services is:...

16.56 The output of reinsurance is measured in the same way...

TRANSACTIONS ASSOCIATED WITH NON-LIFE INSURANCE

16.57 This section describes the set of entries recording the implications...

Allocation of insurance output among users

16.58 The output of non-life insurers is described in paragraph 16.51....

16.59 The value of output is allocated to users according to...

16.60 Alternatively, the value of output is allocated as uses to...

16.61 The allocation of output to intermediate consumption is broken down...

Insurance services provided to and from the rest of the...

16.62 Resident insurers may provide insurance cover to households and businesses...

16.63 Similar considerations also apply to the treatment of resident businesses...

The accounting entries

16.64 Altogether six pairs of transactions are recorded in respect of...

16.65 The production and consumption transactions are as follows:

16.66 The distributive transactions are investment income attributed to policyholders in...

16.67 An example of the accounting records for such flows is...

Table 16.1 Non-life insurance

TRANSACTIONS OF LIFE INSURANCE

16.68 This section describes how records for life insurance differ from...

16.69 The holder of a life insurance policy is an individual...

16.70 Four pairs of transactions are recorded in the accounts; two...

16.71 Life insurance technical reserves and annuities entitlements reflect policies that...

16.72 An example of such flows is shown in Table 16.2....

Table 16.2 Life insurance

TRANSACTIONS ASSOCIATED WITH REINSURANCE

16.73 Accounts of reinsurers are largely the same as the accounts...

16.74 Insurance transactions are recorded gross of reinsurance. Premiums are first...

16.75 The output of direct insurance is calculated gross of reinsurance....

Chart 1 Flows between policyholders, direct and indirect insurers

16.76 Chart 1 summarises the following flows:

16.77 All gross flows between the policyholder and the direct insurer...

16.78 As with direct insurance, for example following a catastrophic disaster,...

16.79 The whole of the output of the reinsurer is intermediate...

16.80 The recording of flows associated with reinsurance resembles the recording...

16.81 The production and consumption transactions are as follows:

16.82 The distributive transactions cover investment income attributed to policyholders in...

16.83 Commissions payable by reinsurers to the insurer as the reinsurance...

16.84 If direct insurance claims are treated as capital and not...

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TRANSACTIONS ASSOCIATED WITH INSURANCE AUXILIARIES

16.85 The output of auxiliary insurance services is valued on the...

ANNUITIES

16.86 The simplest case of a life insurance policy is one...

16.87 Annuities are organised by insurers and are a means of...

16.88 When an annuity is initiated, there is a transfer of...

16.89 Annuities are terminated by death, at which point any remaining...

RECORDING NON-LIFE INSURANCE CLAIMS

Treatment of adjusted claims

16.90 The time of recording claims incurred is generally when the...

16.91 Given that the formula for output uses adjusted claims and...

Treatment of catastrophic losses

16.92 Claims are recorded as current transfers payable by the insurer...

16.93 Following a catastrophe, the total value of the claims in...

CHAPTER 17

SOCIAL INSURANCE INCLUDING PENSIONS

INTRODUCTION

17.01 Definition: social insurance schemes are schemes in which participants are...

17.02 There are two types of social insurance schemes:

17.03 The scope of social insurance schemes varies from country to...

Social insurance schemes, social assistance and individual insurance policies

17.04 Social assistance is not part of social insurance. Social assistance...

17.05 Social assistance is distinguished from social security, by the eligibility...

17.06 Individual insurance policies qualify as social insurance schemes if they...

17.07 Insurance claims on policies taken out with the sole purpose...

Social benefits

17.08 Social benefits become payable when certain events occur, or certain...

Social benefits provided by general government

17.09 General government provides social benefits as payments under social security,...

17.10 Social security refers to social insurance schemes operated by general...

17.11 The definition of social benefits includes the provision of health...

Social benefits provided by other institutional units

17.12 Social benefits can be provided by employers to their employees...

Pensions and other forms of benefit

17.13 Social insurance benefits and the corresponding contributions are divided between...

17.14 All other benefits are grouped together as non-pension benefits. The...

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SOCIAL INSURANCE BENEFITS OTHER THAN PENSIONS

- 17.15 Definition: other social insurance benefits, or non-pension benefits, are benefits...
- 17.16 Other social insurance benefits are provided to beneficiaries under social...
Social security schemes other than pension schemes
- 17.17 Definition: social security schemes other than pension schemes are contractual...
- 17.18 Beneficiaries usually make compulsory contributions towards a social security scheme...
- 17.19 Social security entitlements other than pension entitlements, as outstanding amounts...
- Other employment-related social insurance schemes
- 17.20 Definition: other employment-related social insurance schemes are contractual insurance schemes,...
- 17.21 Other employment-related social insurance schemes are seen, like related pension...
- Recording of stocks and flows by type of non-pension social...
Social security schemes
- 17.22 In recognition of the fact that social security is normally...
- 17.23 Pension entitlements arising from social security schemes are included in...
- 17.24 The recording of the flows for social security schemes other...
- 17.25 Any contribution made by the employer is treated as part...
- 17.26 Any contributions made by self-employed or non-employed persons are also...
- 17.27 Social security benefits are recorded as distributive transactions, from general...
- 17.28 Table 17.2 shows the transactions related to a social security...
- Other employment-related non-pension social insurance schemes
- 17.29 For other employment-related non-pension social insurance schemes, entitlements of the...
- 17.30 The social contribution made by an employer to an insurance...
- 17.31 The investment income on accumulated entitlements is recorded as being...
- 17.32 Part of the income distributed to households is used to...
- 17.33 Social contributions are shown as paid by households to the...
- 17.34 Those who contribute to a social insurance scheme, who are...
- 17.35 The social benefits paid to households by the scheme administrator...
- 17.36 The payment of the service provided by the scheme administrator,...
- 17.37 An increase in entitlements caused by an excess of contributions...
- 17.38 The adjustment for the change in the entitlements paid by...
- 17.39 Table 17.3 shows the transactions for an employment-related pension scheme....

PENSIONS

- 17.40 Definition: social insurance pensions are benefits which beneficiaries receive upon...
Types of pension schemes
- 17.41 Pensions provided to beneficiaries can take the following forms:

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- 17.42 Social insurance pensions are provided to beneficiaries as participants in...
Social security pension schemes
- 17.43 Definition: social security pension schemes are contractual insurance schemes where...
17.44 When general government takes over the responsibility for providing pensions...
17.45 Beneficiaries usually make compulsory contributions towards a social security pension...
17.46 The narrowest form of social security pension is very basic....
17.47 By contrast, in some countries most or all pension provision...
17.48 Pension entitlements as outstanding amounts for a social security pension...
- Other employment-related pension schemes
- 17.49 Definition: other employment-related pension schemes are contractual insurance schemes, either...
17.50 Unless employers and beneficiaries agree to change the amounts payable,...
17.51 Other employment-related pensions are seen as part of the compensation...
17.52 Both current employees and former employees, who are the beneficiaries,...
17.53 Pension schemes are categorised according to their nature into defined...
- Defined contribution schemes
- 17.54 Definition: a defined contribution scheme is a pension scheme where...
17.55 The entire risk of a defined contribution scheme to provide...
17.56 Providing detail on defined contribution schemes is relatively straightforward since...
- Defined benefit schemes
- 17.57 Definition: a defined benefit scheme is a pension scheme where...
17.58 The risk of a defined benefit scheme to provide an...
- Notional defined contribution schemes and hybrid schemes
- 17.59 Notional defined contribution schemes and hybrid schemes are grouped as...
17.60 Definition: a notional defined contribution scheme is similar to a...
17.61 In a notional defined contribution scheme, contributions (both from employee...
17.62 Hybrid schemes are those schemes which have both a defined...
17.63 The risk to provide an adequate income in retirement is...
17.64 In certain cases, the employer's risk may be borne by...
- Defined benefit schemes as compared to defined contribution schemes
- 17.65 The fundamental difference in accounting for a defined benefit pension...
17.66 There are four sources of change in pension entitlements in...
17.67 As with a defined contribution pension scheme, the employer and/or...
17.68 At the end of an accounting period, the level of...

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- 17.69 A further basic difference between a defined benefit pension scheme...
- 17.70 For a defined benefit pension scheme, the situation is different....
- 17.71 For a defined benefit scheme, it is unlikely that self-employed...
- Pension administrator, pension manager, pension fund and multi-employer pension scheme...
- 17.72 Social insurance schemes may be organised by employers or by...
- 17.73 An employer may contract with another unit to manage the...
- 17.74 First, the operator of the pension scheme, the pension administrator,...
- 17.75 Second, the pension manager is responsible also for determining the...
- 17.76 Third, it is not uncommon for a single unit to...
- 17.77 When government takes responsibility for providing benefits to large sections...
- 17.78 The pension manager's responsibility for any underfunding, or the benefit...
- 17.79 Any holding gains and losses on the assets managed by...
- Recording of stocks and flows by type of pension scheme...
 - Transactions for social security pension schemes
 - 17.80 In recognition of the fact that social security is normally...
 - 17.81 Pension entitlements arising from social security schemes are not included...
 - 17.82 The recording of the flows for social security pension schemes...
 - 17.83 Any contribution made by the employer is treated as part...
 - 17.84 Any contributions made by self-employed or non-employed persons are also...
 - 17.85 Social security benefits are recorded as distributive transactions from general...
 - 17.86 Table 17.2 shows the transactions of a social security pension...
 - Transactions for other employment-related pension schemes
 - 17.87 For other employment-related schemes, pension entitlements of the participants are...
 - 17.88 The recording of transactions for a defined contribution scheme is...
 - 17.89 For both types of schemes, a pension fund is assumed...
 - Transactions for defined contribution pension schemes
 - 17.90 The contribution made by an employer to a defined contribution...
 - 17.91 The investment income on accumulated pension entitlements is also recorded...
 - 17.92 Part of the income distributed to households is used to...
 - 17.93 Social contributions are recorded as paid by households to the...
 - 17.94 Contributors other than employees who contribute to a defined contribution...
 - 17.95 Pension benefits to households from the pension fund are recorded...
 - 17.96 There is also a transaction for the service provided by...
 - 17.97 The increase in pension entitlements caused by an excess of...
 - 17.98 The adjustment for the change in pension entitlements paid by...

Changes to legislation: There are outstanding changes not yet made to Regulation (EU) No 549/2013 of the European Parliament and of the Council. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- 17.99 Table 17.3 illustrates the entries necessary to record the transactions...
- Other flows related to defined contribution pension schemes
- 17.100 The other factors affecting the change in the balance sheet...
- 17.101 The investment of the entitlements of defined contribution pension schemes...
- Transactions for defined benefit pension schemes
- 17.102 For defined benefit pension schemes, the employer retains responsibility for...
- 17.103 The total contribution made by an employer to a defined...
- 17.104 The contribution by the employer is calculated in relation to...
- 17.105 In defined benefit schemes, a qualifying period before an employee...
- 17.106 The sum of employers' actual and imputed pension contributions is...
- 17.107 The increase in the present value of the entitlements of...
- 17.108 In the secondary distribution of income account, social contributions are...
- 17.109 The pension benefits to households from the pension scheme are...
- 17.110 In the use of income account, there is an entry...
- 17.111 Also in the use of income account, there is an...
- 17.112 The amount in the use of income account as paid...
- 17.113 Other organisations, such as a trade union, may operate a...
- 17.114 To illustrate the recording of transactions connected with a defined...
- 17.115 Actuarial calculations show that the increase in pension entitlements coming...
- 17.116 In the allocation of primary income accounts, property income is...
- 17.117 In the secondary distribution of income accounts, the payments from...
- 17.118 In the use of income account, as well as the...
- 17.119 Households have saving of 17,5 of which 3 is the...
- 17.120 In the financial account of the pension fund, the figure...

SUPPLEMENTARY TABLE FOR ACCRUED-TO-DATE PENSION ENTITLEMENTS IN SOCIAL INSURANCE

Design of the supplementary table

- 17.121 The supplementary table (Table 17.5) on accrued-to-date pension entitlements in...
- 17.122 The supplementary table covers the pension part of social insurance...
- 17.123 Entitlements for survivors (e.g. dependent spouses, children, and orphans) as...
- 17.124 All elements of the supplementary table are recorded with no...
The columns of the table
- 17.125 The columns of the table refer to the three groupings...
- 17.126 For the most part, the beneficiaries of pension schemes are...
- 17.127 The decision to record the pension entitlements of an unfunded...
- 17.128 There is a wide diversity of schemes in the EU,...
- 17.129 Pension schemes are classified further according to the pension manager,...

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- 17.130 Some employer pension schemes have a mixed membership, for example...
- 17.131 General government-funded defined benefit schemes for its own employees are...
- 17.132 Pension schemes are classified by type of scheme as defined...
The rows of the table
- 17.133 The rows of the table relate to balance sheet positions,...
Opening and closing balance sheets
 - 17.134 Row 1 shows the opening stock of pension entitlements, which...
Changes in pension entitlements due to transactions
 - 17.135 Employer and employee actual social contributions are recorded in rows...
 - 17.136 For defined benefit pension schemes, employer imputed social contributions are...
 - 17.137 Row 2.4 shows the property income earned or imputed in...
 - 17.138 Some of the entries in the rows of columns G...
 - 17.139 The imputed contribution by employers for those government schemes for...
 - 17.140 An item calculated on the same actuarial basis in respect...
 - 17.141 Given that the supplementary table provides a complete breakdown of...
 - 17.142 Row 3 does not represent cash transfers from tax revenues,...
 - 17.143 Differences in the accounting period encountered between assumed and actual...
 - 17.144 Row 3 captures any 'experience effects' observed for social security...
 - 17.145 Row 4 shows pension benefits that are paid during the...
 - 17.146 Row 5 presents the changes in pension entitlements due to...
 - 17.147 One characteristic of the changing environment of pensions is the...
 - 17.148 If government assumes the responsibility for pension provision for the...
 - 17.149 When one unit takes over the responsibility for pension entitlements...
 - 17.150 Employers are increasingly reforming the pension schemes they manage in...
 - 17.151 Only enacted pension reforms lead to recording in the national...
 - 17.152 In some cases of reform, the employer chooses to leave...
 - 17.153 However, in some cases the employer decides to make reforms...
 - 17.154 Changes in pension entitlements are recorded as transactions as follows:...
 - 17.155 Changes in pension entitlements that are imposed without negotiation are...

Changes to legislation: There are outstanding changes not yet made to Regulation (EU) No 549/2013 of the European Parliament and of the Council. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

17.156 Changes in accrued-to-date entitlements arising from past service are recorded...

17.157 Row 7 shows the impact of reforms of pension scheme...

Changes to pension entitlements due to other economic flows

17.158 Rows 8 and 9 account for the other flows as...

17.159 Revaluations are due to changes of key model assumptions in...

17.160 When the demographic assumptions used in the actuarial calculations are...

Table 17 Other flows as revaluations and other changes in the volume...

Revaluations

Other changes in the volume of assets

Related indicators

17.161 Financial services produced by all pension schemes are recorded as...

Chart 17 Pension entitlements and their changes

Actuarial assumptions

Accrued-to-date entitlements

17.162 Pension entitlements in national accounts are measured on a gross...

17.163 The accrued-to-date liability concept is appropriate for national accounts purposes....

17.164 As for all national accounts data, the data are measured...

Discount rate

17.165 The discount rate applied to estimates of future pension benefits...

17.166 The discount rate can be seen as equivalent to the...

17.167 The discount rate should be a risk-free rate. Some criteria...

17.168 The same discount rate has to be used for all...

Wage growth

17.169 Defined benefit pension schemes often apply a formula to the...

17.170 It is, therefore, appropriate to consider what assumptions are made...

17.171 The accounting profession uses two actuarial methods to measure the...

17.172 A projected benefit obligation (PBO) is a more prudent measure...

17.173 The impact of wage increases needs to be reflected in...

17.174 Changes to assumptions of future wage changes, which are generally...

17.175 A number of possible variants in the application of the...

17.176 One important factor is the treatment of indexation arrangements on...

17.177 Given the importance of wage effects, it is recommended that...

Demographic assumptions

17.178 Future pension payments are subject to demographic effects, in terms...

17.179 In the case of employment-related pension schemes, the membership of...

17.180 In the use of longevity tables, also known as mortality...

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- 17.181 Longevity assumptions should include the increase of longevity over time....
- 17.182 The modelling of pension schemes may involve the use of...
- 17.183 Where early retirement within a scheme is actuarially neutral, modelling...

CHAPTER 18

REST OF THE WORLD ACCOUNTS

INTRODUCTION

- 18.01 The accounts of resident institutional sectors show economic activity: production;...
- 18.02 The ESA is a closed system in that both sides...
- 18.03 The sequence of accounts for the rest of the world...
- 18.04 As the accounts are drawn up from the point of...
- 18.05 The standard framework for statistics on the transactions and positions...

ECONOMIC TERRITORY

- 18.06 The most commonly used concept of economic territory is the...
- 18.07 In order to determine whether an entity is a resident...
Residence
- 18.08 The residence of each institutional unit is the economic territory...

INSTITUTIONAL UNITS

- 18.09 The concept of 'institutional unit' is the same in the...
- 18.10 Corporations' and governments' use of Special Purpose Entities (SPEs) is...
- 18.11 Members of a household must all be resident in the...

BRANCHES AS A TERM USED IN THE INTERNATIONAL ACCOUNTS OF...

- 18.12 A branch is an unincorporated enterprise that belongs to a...
- 18.13 The identification of branches has implications for the statistical reporting...
- 18.14 In some cases, preliminary operations related to a future direct...

NOTIONAL RESIDENT UNITS

- 18.15 When land located in a territory is owned by a...
- 18.16 In general, if a non-resident unit has a long-term lease...

MULTI-TERRITORY ENTERPRISES

- 18.17 Some enterprises operate as a seamless operation over more than...

GEOGRAPHICAL BREAKDOWN

- 18.18 For the purpose of compiling the accounts of the European...
- 18.19 For the purpose of compiling the accounts of the euro...

THE INTERNATIONAL ACCOUNTS OF THE BALANCE OF PAYMENTS

- 18.20 The national accounts are different from the international accounts shown...
- 18.21 A second major difference between the international accounts of the...

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BALANCING ITEMS IN THE CURRENT ACCOUNTS OF THE INTERNATIONAL ACCOUNTS...

18.22 The structure of the balancing items in the balance of...

THE ACCOUNTS FOR THE REST OF THE WORLD SECTOR AND...

The external account of goods and services

18.23 The goods and services account consists only of imports and...

18.24 Goods that change locations from one economy to another but...

18.25 The balance of payments gives emphasis to the distinction between...

18.26 International merchandise trade statistics are the main source of data...

18.27 The change of ownership basis used for the balance of...

18.28 Re-exports are foreign goods (goods produced in other economies and...

18.29 Goods are presented at an aggregate level in the balance...

18.30 In the balance of payments, detail is produced for the...

18.31 Three of the balance of payments' standard components above are...

Valuation

18.32 Valuation principles are the same in the ESA and the...

Goods for processing

18.33 Between the ESA 95 and the ESA 2010, there has...

18.34 In order to avoid such an inconsistency in the national...

18.35 An example related to the treatment of goods for processing...

18.36 In Table 18.4 for the ESA 95, the imports and...

18.37 Table 18.5 shows the ESA 2010 treatment of goods for...

Merchandising

Goods under merchandising

18.38 Merchandising is defined as the purchase of goods by a...

18.39 Merchandising arrangements are used for wholesaling and retailing. They may...

18.40 Goods under merchandising are recorded in the accounts of the...

18.41 Merchandising items appear only as exports in the accounts of...

18.42 Wholesaling, retailing, commodity dealing, and management of manufacturing may also...

18.43 When a merchant resells goods to a resident of the...

Imports and exports of FISIM

18.44 Actual interest on loans paid and received includes an income...

18.45 The financial institutions that implicitly charge FISIM are not necessarily...

The external account of primary and secondary income

The primary income account

18.46 In the balance of payments, the entries in the primary...

18.47 Rent may arise in cross-border situations, but rarely, since all...

Direct investment income

18.48 The role of direct investment is particularly important and reflected...

18.49 Retained earnings are equal to the net operating surplus of...

18.50 Reinvested earnings may be negative, for example where the enterprise...

The secondary income (current transfers) account of the BPM6

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- 18.51 The secondary income account shows current transfers between residents and...
 - 18.52 Cross-border personal transfers are household-to-household transfers and are of interest...
 - 18.53 Other workers, such as border and seasonal workers, do not...
 - 18.54 Insurance flows, especially flows relating to reinsurance, can be important...
- The external capital account
- 18.55 The elements of the capital account subject to international transactions...
 - 18.56 Net lending or net borrowing is the balancing item for...
- The external financial account and international investment position (IIP)
- 18.57 The financial account of the balance of payments and the...
 - 18.58 The functional categories of the BPM6 convey information about the...
 - 18.59 The main links between the financial instrument categories of the...

BALANCE SHEETS FOR THE REST OF THE WORLD SECTOR

- 18.60 The IIP is that part of the balance sheets covered...
- 18.61 The balancing item on the IIP is the net IIP...
- 18.62 The same broad categories are used for investment income and...

CHAPTER 19

EUROPEAN ACCOUNTS

INTRODUCTION

- 19.01 The process of European integration made it necessary to compile...
- 19.02 This chapter describes the distinguishing features of European accounts, that...
- 19.03 The economic territory of the European Union consists of:
- 19.04 The economic territory of the euro area consists of:

FROM NATIONAL TO EUROPEAN ACCOUNTS

- 19.05 European accounts are conceptually not equal to the sum of...
Diagram 19.05: Aggregation of the national accounts of the Member States
Diagram 19.06: European accounts
Conversion of data in different currencies
 - 19.06 In European accounts, the economic flows and the stocks of...
 - 19.07 European accounts can also be calculated by converting data recorded...
- European institutions
- 19.08 In the ESA, European institutions comprise the following entities:
 - 19.09 European non-financial institutions and bodies covered by the general budget...
 - 19.10 As long as its budget is not adopted as a...
 - 19.11 The European Central Bank is an institutional unit classified in...
 - 19.12 The European Investment Bank and the European Investment Fund are...
 - 19.13 The economic territory of the European institutions includes the territorial...

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- 19.14 The main transactions of European institutions are recorded in resources...
- The rest of the world account
- 19.15 In European accounts, the rest of the world accounts record...
- 19.16 Imports and exports of goods include quasi-transit trade, that is:...
- 19.17 In European accounts, merchanting includes only the purchase of goods...
- 19.18 A foreign direct investment enterprise is a resident of the...
- Balancing of transactions
- 19.19 One method to compile the European rest of the world...
- 19.20 Asymmetries create a mismatch, in European accounts, between the total...
- 19.21 The removal of asymmetries and subsequent balancing of the accounts...
- Price and volume measures
- 19.22 European non-financial accounts at the prices of the previous year...
- 19.23 European accounts at the prices of the previous year allow...
- Balance sheets
- 19.24 In European accounts, financial balance sheets can be compiled using...
- 19.25 In European accounts, non-financial balance sheets can be compiled as...
- 'From whom-to-whom' matrices
- 19.26 'From whom-to-whom' matrices detail the economic transactions (respectively holdings of...
- 19.27 In European accounts, 'from whom-to-whom' matrices can be compiled by...

ANNEX I THE ACCOUNTS OF EUROPEAN INSTITUTIONS

- Resources
- 19.28 The main resources of European non-financial institutions and bodies include...
- 19.29 In the accounts of European institutions, these flows are recorded...
- 19.30 Customs and agricultural duties are levied at the external frontiers...
- 19.31 Production charges are levied on the sugar, isoglucose and inulin...
- 19.32 A fixed share of the amounts collected under points (a)...
- 19.33 The value added tax resource is calculated by applying a...
- 19.34 The gross national income resource is a residual contribution to...
- 19.35 The contributions of Member States to the European Development Fund...
- 19.36 The Member States subscriptions to the paid-in capital of the...
- 19.37 Interests payable on loans granted by the European Investment Bank,...
- 19.38 Interests payable on loans granted by the European Central Bank...
- Uses
- 19.39 Payments made by European non-financial institutions and bodies consist of...
- 19.40 The accounts of European institutions record the payments made by...
- 19.41 Payments made by European non-financial institutions and bodies are generally...
- 19.42 Payments made by European financial institutions and bodies consist of...
- 19.43 The accounts of European institutions record the payments made by...
- Consolidation

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- 19.44 In European accounts, flows between Member States and European institutions...

CHAPTER 20

THE GOVERNMENT ACCOUNTS

INTRODUCTION

- 20.01 The activities of government are presented separately from those of...
 20.02 Governments have powers to raise taxes and other compulsory levies...
 20.03 The GFS presentation of general government economic activities presents the...
 20.04 Additional rules on some more difficult issues of classification and...

DEFINING THE GENERAL GOVERNMENT SECTOR

- 20.05 The general government sector (S.13) consists of all government units...
 20.06 Government units are legal entities established by political process which...
 20.07 A government unit usually has the authority to raise funds...

Identification of units in the government

Government units

- 20.08 In all countries, there is a core entity, notably inside...
 20.09 General government subsectors such as state and local governments can...
 20.10 In addition to this primary unit, there are government entities...
 20.11 The general budget of any government level can include unincorporated...
 20.12 Social security funds are government units devoted to the operation...

NPIs classified to the general government sector

- 20.13 Non-profit institutions (NPIs) that are non-market producers and are controlled...
 20.14 Governments may choose to use some NPIs rather than government...
 20.15 Control of a NPI is defined as the ability to...
 20.16 The non-market characteristic of an NPI is determined in the...

Other units of general government

- 20.17 It can be difficult to decide on the classification of...

Diagram Decision tree

Public control

- 20.18 Control over an entity is the ability to determine the...

Market/non-market delineation

Notion of economically significant prices

- 20.19 Non-market producers provide all or most of their output to...
 20.20 Whereas the assessment of whether a price is economically significant...
 20.21 When the producers are private corporations, it can be presumed...
 20.22 To analyse the difference between a market and a non-market...
 Criteria of the purchaser of the output of a public...
 20.23 Economically significant prices normally result when two major conditions are...

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- 20.24 Some services are typically required as ancillary services. They include...
 - 20.25 If a public producer sells only to government and is...
 - 20.26 If a public producer is one of several suppliers to...
 - 20.27 If a public producer is the only supplier of its...
 - 20.28 If there are several suppliers, a public producer is a...
- The market/non-market test
- 20.29 The sector classification of core government units, engaged in the...
 - 20.30 For the market/non-market test, sales of goods and services correspond...
 - 20.31 Production costs are the sum of intermediate consumption, compensation of...
- Financial intermediation and the government boundary
- 20.32 The case of units engaged in financial activities needs special...
 - 20.33 A financial intermediary places itself at risk by incurring liabilities...
 - 20.34 Applying the quantitative criterion of the market/non-market test to public...
- Borderline cases
- Public head offices
- 20.35 Public head offices are entities whose main function is to...
 - 20.36 The term 'public head office' used here covers units which...
 - 20.37 Subsidiaries forming part of the group, engaged in production and...
- Pension funds
- 20.38 Employers' pension schemes are arrangements set up to provide retirement...
 - 20.39 A defined-contribution funded scheme, established by a government unit, is...
- Quasi-corporations
- 20.40 Quasi-corporations are unincorporated enterprises that function as if they were...
 - 20.41 A government establishment or a group of establishments engaged in...
 - 20.42 The amount of income withdrawn from a quasi-corporation during a...
 - 20.43 The producer entities that are not treated as quasi-corporations remain...
- Restructuring agencies
- 20.44 Some public units are involved in the restructuring of corporations....
- Privatisation agencies
- 20.45 The first type of restructuring agency manages privatisation of public...
- Defeasances structures
- 20.46 The second type of restructuring agency deals with impaired assets,...
- Special purpose entities
- 20.47 Special purpose entities (SPEs), also called special purpose vehicles (SPVs),...
 - 20.48 Non-resident SPEs are recognised as separate institutional units. All flows...
- Joint ventures

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- 20.49 Many public units enter into arrangements with private entities or...
- 20.50 A joint venture requires the establishment of a corporation, partnership...
- 20.51 Normally, the percentage of ownership will be sufficient to determine...
- 20.52 Public units can also enter into joint operating arrangements that...
- Market regulatory agencies
- 20.53 Public agencies acting in the field of agriculture engage in...
- 20.54 Where the market regulatory agency performs both activities described in...
- Supranational authorities
- 20.55 Some countries are part of an institutional agreement whereby the...
- The subsectors of general government
- 20.56 Depending on the administrative and legal arrangements, there is generally...
 - Central government
 - 20.57 The central government (excluding social security) subsector (S.1311) consists of...
 - 20.58 The compilation of statistics for central government is important because...
 - 20.59 The central government subsector is a large and complex subsector...
 - 20.60 The main central group or primary central government is sometimes...
 - 20.61 The other component of central government consists of other central...
 - 20.62 Central government can be partitioned into two components: budgetary central...
 - State government
 - 20.63 The state government (excluding social security) subsector (S.1312) consists of...
 - 20.64 A state government usually has the fiscal authority to levy...
 - Local government
 - 20.65 The local government (excluding social security) subsector (S.1313) consists of...
 - 20.66 The legislative, judicial, and executive authority of local government units...
 - Social security funds
 - 20.67 The social security funds subsector (S.1314) consists of all social...

THE GOVERNMENT FINANCE PRESENTATION OF STATISTICS

Framework

- 20.68 Experience has shown that for government, an alternative presentation to...
- 20.69 The ESA based GFS presentation consists of transactions recorded in...
- 20.70 In the GFS system, revenue is defined as the aggregate...
- 20.71 The difference between revenue and expenditure, equivalent to the surplus/deficit,...
- 20.72 The GFS presentation is shown below:

Changes to legislation: There are outstanding changes not yet made to Regulation (EU) No 549/2013 of the European Parliament and of the Council. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- 20.73 Additional accounts in the GFS system are for other economic...
- 20.74 The balance sheet shows total asset levels — non-financial and...
- 20.75 Government finance statistics presents the financial performance of general government...

Revenue

- 20.76 A revenue transaction is one that increases net worth, and...
 - Taxes and social contributions
 - 20.77 Total taxes comprise taxes on production and imports (D.2), current...
 - 20.78 Estimating taxes and social contributions can be difficult. The problems...
 - 20.79 Tax and social contributions revenue data are used to compile...
- Sales
- 20.80 Total sales of goods and services consist of market output...
- 20.81 Market output (P.11) of government comprises:
- 20.82 The above-quoted 'incidental sales' are distinct from the token museum...
- 20.83 The value of own-account capital formation is considered revenue in...
- 20.84 Sales revenue in the ESA based government finance statistics takes...

The ESA central framework

The ESA GFS presentation of statistics

Other revenue

- 20.85 Other current revenue consists of property income (D.4), other subsidies...
- 20.86 Property income comprises interest (D.41), distributed income of corporations (dividends...
- 20.87 Other current transfers (D.7) include mainly intra-government transfers. They shall...
- 20.88 Other capital revenue comprises investment grants (D.92) and other capital...
- 20.89 Grants, which are sometimes defined in other statistical systems as...
- 20.90 Subsidies received by government units consist only in other subsidies...

Expenditure

- 20.91 An expenditure transaction is one that has a negative impact...
- 20.92 The total government expenditure of an accounting period is calculated...
 - Compensation of employees and intermediate consumption
 - 20.93 Compensation of employees and intermediate consumption are costs of production...
 - 20.94 Compensation of employees (D.1) includes wages and salaries (D.11) paid...
 - 20.95 Intermediate consumption (P.2) comprises the goods and services consumed during...
 - 20.96 In concept, the time of recording of intermediate consumption is...
- Social benefits expenditure
- 20.97 Social benefits expenditure consists of social benefits other than social...

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20.98 Social benefits expenditure excludes social transfers in kind provided to...

20.99 In the ESA, even when retirement benefits paid to government...

Interest

20.100 Interest expenditure includes what is due for the cost of...

20.101 Interest expenditure is adjusted for FISIM in the ESA-based government...

Other current expenditure

20.102 Other current expenditure comprises other taxes on production (D.29), property...

20.103 Whereas other taxes on production paid by units of government...

Capital expenditure

20.104 Capital expenditure comprises capital transfers, in the form of investment...

Link with government final consumption expenditure (P.3)

20.105 Making the link between total government expenditure and its components...

20.106 Final consumption expenditures by general government are equal to the...

20.107 The output of government — market output, own account capital...

20.108 Thus, the following calculation gives final consumption expenditures using selected...

Government expenditure by function (COFOG)

20.109 A classification of expenditure transactions using the classification of functions...

20.110 The COFOG classification describes government expenditure according to ten major...

20.111 The COFOG classification is consistent with the distinction made between...

Balancing items

The net lending/net borrowing (B.9)

20.112 The government net lending (+)/net borrowing (-) (B.9) is the...

20.113 Net lending (+)/net borrowing (-) is also the balancing item...

20.114 The term 'net lending/net borrowing' is a sort of terminological...

Changes in net worth due to saving and capital transfers...

20.115 The difference between all transactions that affect net worth during...

20.116 The changes in net worth due to saving and capital...

20.117 The changes in net worth due to saving and capital...

Financing

20.118 The financial account of government in the GFS records the...

Transactions in assets

20.119 Currency and deposits (F.2) reflects mainly movements in government deposits...

20.120 Debt securities (F.3) mainly reflect net purchases of bills, notes...

20.121 Loans (F.4) include, in addition to loans to other government...

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- 20.122 Equity and investment fund shares (F.5) capture acquisitions less disposals...
- 20.123 Transactions in other accounts receivable (F.8) capture the impact of...
- 20.124 In most countries, monetary gold and SDRs are managed by...
- 20.125 Financial transactions are recorded at the transaction values, that is,...
- 20.126 The transaction value refers to a specific financial transaction and...
- 20.127 However, in cases where the counterpart transaction of a financial...
- 20.128 The transaction value does not include service charges, fees, commissions,...
- Transactions in liabilities
- 20.129 Transactions in liabilities are recorded at the value at which...
- 20.130 The repurchase by a unit of a liability is recorded...
- 20.131 Financial leasing and public-private partnerships (PPP) contracts when the asset...
- 20.132 Financing presented as long-term trade credits or accounts receivable/payable arrangements...
- 20.133 Lump sums exchanged at inception on off-market swaps are classified...
- 20.134 Similarly to receivables, transactions in other accounts payable reflect the...
- Other economic flows
- 20.135 Both the other changes in volume of assets account and...
 - Revaluation account
 - 20.136 Revaluations are the same as described in Chapter 6. Additional...
 - 20.137 In the ESA, balance sheets entries are ideally at market...
 - 20.138 When a capital injection by government into a public corporation...
 - 20.139 When an existing loan or trade credit is sold to...
- Other changes in volume of assets account
- 20.140 The other changes in volume of assets accounts include flows...
- 20.141 Loans write-off which do not reflect a debt cancellation with...
- Balance sheets
- 20.142 The same definition of an asset is used in the...
- 20.143 The sum of liabilities may be considered as a stock...
- 20.144 Some assets are more specific to government: heritage assets, like...
- 20.145 On the liability side, equity liability (AF.5) will not normally...
- 20.146 Net worth is the balancing item (B.90) of the balance...
- 20.147 Own funds are the sum of net worth (B.90) and...
- 20.148 Where the net worth (B.90) of the general government sector...
- 20.149 The ESA values balance sheet at market value, except for...
- 20.150 Security liabilities are valued at market value. Even though the...
- 20.151 Quoted equity is valued using the most recent quotation price...
- Consolidation
- 20.152 Consolidation is a method of presenting the accounts for a...
- 20.153 Consolidation is important for the general government sector and its...
- 20.154 Consolidation does not affect balancing items because the consolidated items...

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- 20.155 Conceptually, the nature of consolidation is to eliminate all flows...
- 20.156 When drawing up the consolidated accounts of government, the ESA...
- 20.157 Purchases/sales of goods and services between government units are not...
- 20.158 Taxes or subsidies paid by one government unit or entity...
- 20.159 Acquisitions/disposals of non-financial assets, including intergovernmental transactions in land, buildings,...
- 20.160 Some types of transactions that appear to take place between...
- 20.161 Practical difficulties arise with consolidation. For example, when a transaction...

ACCOUNTING ISSUES RELATING TO GENERAL GOVERNMENT

- 20.162 National accounts principles apply to the general government sector in...
- 20.163 Similarly, the national accounts principles apply in the same way...
- 20.164 When classifying a transaction, national accountants are not constrained by...
 - Tax revenue
 - Character of tax revenue
 - 20.165 Taxes are compulsory unrequited payments, in cash or in kind,...
 - 20.166 However, there are cases where the government provides something to...
 - Tax credits
 - 20.167 Tax relief can take the form of a tax allowance,...
 - 20.168 In national accounts, a tax relief that is embedded in...
 - Amounts to record
 - 20.169 Appropriately recording tax revenue is essential for the measurement of...
 - Amounts uncollectible
 - 20.170 In all cases, only amounts that government realistically expects to...
 - Time of recording
 - Accrual recording
 - 20.171 Accrual accounting records flows at the time economic value is...
 - Accrual recording of taxes
 - 20.172 For government, recording revenue and claims at the time of...
 - 20.173 The period of time between the moment a transaction is...
 - 20.174 In accordance with accrual recording, taxes should be recorded when...
 - 20.175 In practice, when taxes are based on assessments, some flexibility...
 - Interest
 - 20.176 Interest is an expenditure incurred by a debtor for the...
 - 20.177 Interest is classified within property income (D.4). Differently to dividends...
 - 20.178 In the system, interest is recorded on an accrual basis,...
 - 20.179 There are two ways in which the value of a...
 - 20.180 Accrual interest is recorded according to the debtor approach, that...
 - 20.181 Recording interest as accruing continuously has the consequence, on a...
 - 20.182 In many countries, government bonds or notes are issued in...
 - 20.183 The issue price of bonds and notes issued in fungible...

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Discounted and zero-coupon bonds

20.184 Zero-coupon bonds are instruments where the debtor has no obligation...

20.185 The gradual increase in the market value of a bond...

20.186 The same principle applies to discounted bonds or bonds issued...

Index-linked securities

20.187 Index-linked securities are financial instruments, usually long-term bonds, for which...

Financial derivatives

20.188 Settlements on swap transactions are not considered as property income...

Court decisions

20.189 When a court of justice rules that compensation must be...

Military expenditure

20.190 Military weapon systems, comprising vehicles and other equipment such as...

20.191 The time of recording of asset acquisition is the time...

20.192 If military equipment is leased, the transaction is invariably recorded...

Relations of general government with public corporations

Equity investment in public corporations and distribution of earnings

20.193 Government units have a close relationship with public corporations and...

Equity investment

20.194 An equity investment occurs when economic agents place funds at...

20.195 It is important to distinguish between the withdrawal of equity...

20.196 It is necessary to determine when payments of government into...

Capital injections

Subsidies and capital injections

20.197 Subsidies are current transfers, usually made on a regular basis,...

20.198 Payments to public corporations on a large and irregular basis,...

20.199 In many cases, payments made by government units to public...

20.200 Given that capital injections increase the own funds of the...

Rules applicable to particular circumstances

20.201 Capital injections carried out in the context of privatisation, when...

20.202 Capital injections can be carried out by way of debt...

20.203 Capital injections in kind, by way of the provision of...

Fiscal operations

20.204 Fiscal operations are carried out by government and financed through...

Public corporations distributions

Dividends versus withdrawal of equity

20.205 The earnings from equity investment in public corporations may be...

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20.206 Large and irregular payments or payments that exceed the entrepreneurial...

20.207 Interim dividends are recorded as property income (D.42) to the...

Taxes versus withdrawal of equity

20.208 Taxes have a legal basis and are under the control...

20.209 However, it may occasionally happen that a transaction described as...

Privatisation and nationalisation

Privatisation

20.210 Privatisation commonly involves the sale by government of shares or...

20.211 Any purchase of services to achieve this process should, however,...

Indirect privatisations

20.212 Privatisation can occur under more complicated institutional arrangements. For instance,...

20.213 It may also happen that the public holding company, or...

Nationalisation

20.214 Nationalisation means government taking control of specific assets or an...

20.215 Nationalisation usually takes the form of a purchase of shares:...

20.216 Exceptionally, government may acquire ownership over a corporation through an...

Transactions with the central bank

20.217 Two types of payments by the central bank to the...

Restructures, mergers, and reclassifications

20.218 When a public corporation is restructured, financial assets and liabilities...

20.219 The purchase of shares and other equity of a corporation...

20.220 Any change in the classification of assets and liabilities not...

Debt operations

20.221 Debt operations can be particularly important for the general government...

Debt assumptions, debt cancellation and debt write-offs

Debt assumption and cancellation

20.222 Debt assumption occurs when a unit assumes responsibility for another...

20.223 When a government assumes a debt, the counterpart transaction of...

20.224 Debt payments on behalf of others are similar to debt...

20.225 Debt cancellation (or debt forgiveness) is the extinction or reduction...

20.226 Debt assumptions and debt cancellations which benefit a controlled entity...

20.227 Debt assumptions and debt cancellations carried out in the context...

20.228 When debtor governments offer to repay the debt in anticipation,...

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- 20.229 The difference in value in case of sale to a...
- 20.230 As a result, the capital transfer expenditure of government is...
- 20.231 In rarer cases, when the discount negotiated with the third...
Debt assumption involving a transfer of non-financial assets
- 20.232 If a government wants to ease the debt burden of...
Debt write-offs or write-downs
- 20.233 Debt write-offs are the reduction by a creditor in the...
- 20.234 Write-downs and write-offs are internal accounting actions by the creditor...
- 20.235 Debt write-downs do not lead as such to entries in...
Other debt restructuring
- 20.236 Debt restructuring is an agreement to alter the terms and...
- 20.237 A debt-for-equity swap occurs when a creditor agrees to replace...
- 20.238 Debt arrears occur when a debtor misses an interest or...
Purchase of debt above the market value
- 20.239 The acquisition of debt for a value above the market...
- 20.240 Debt defeasance occurs when a debtor matches debt instruments with...
- 20.241 Debt issued on concessional terms. There is no precise definition...
- 20.242 Concessional loans are recorded at their nominal value just as...
Defeasances and bailouts
- 20.243 A bailout is a term meaning a rescue from financial...
- 20.244 Intervention of general government can take various forms. Examples are...
- 20.245 Government guarantees during a bailout are treated as one-off guarantees...
- 20.246 If the government buys assets from the enterprise to be...
- 20.247 During a bailout, governments often buy loans from financial institutions...
- 20.248 If a public institutional unit is created by government with...
Debt guarantees
- 20.249 A debt guarantee is an arrangement in which a guarantor...
- 20.250 For each guarantee, there are three parties involved: the lender,...
- 20.251 There are three main types of guarantee:
Derivatives-type guarantees
- 20.252 Guarantees that meet the definition of financial derivatives are those...
- 20.253 When such a guarantee is initiated, the purchaser makes a...
Standardised guarantees
- 20.254 Standardised guarantees cover similar types of credit risk for a...
One-off guarantees
- 20.255 One-off guarantees exist where the conditions of the loan or...
- 20.256 In exceptional cases, one-off guarantees granted by governments to corporations...
- 20.257 The activation of a one-off guarantee is treated in the...
- 20.258 The activation of a guarantee may or may not require...

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20.259 When the original debtor refunds the guarantor while an expenditure...

Securitisation

Definition

20.260 Securitisation consists of issuing securities on the basis of cash...

20.261 In securitisation, the originator conveys ownership rights over assets, or...

Criteria for sale recognition

20.262 In order for the securitisation to be treated as a...

20.263 Thus, securitisation of future revenue flows not recognised as a...

20.264 When a securitisation involves flows associated to a financial or...

20.265 If government retains a beneficial interest in the securitisation, by...

20.266 If government, as originator, guarantees repayment of any debt incurred...

20.267 If it is determined that the securitisation contract involves the...

20.268 If government provides compensation, in the form of cash after...

Recording of flows

20.269 When a securitisation operation is recorded as borrowing, the cash...

20.270 When cash flows extinguish prior amortisation of the debt incurred,...

20.271 After complete extinction of a debt incurred, any remaining cash...

Other issues

Pension obligations

20.272 The treatment of pension schemes is described in Chapter 17,...

Lump sum payments

20.273 On occasion, units may pay a lump sum to government...

20.274 In concept, being an equal exchange of cash for the...

20.275 In this context, such a lump sum payment should be...

Public-private partnerships

Scope of PPP

20.276 Public-private partnerships (PPPs) are complex, long-term contracts between two units,...

20.277 At the end of the contract, the grantor usually acquires...

20.278 A general description that includes the most common accounting problems...

20.279 PPP contracts under this definition involve the grantor paying the...

20.280 When the corporation sells the services directly to the public...

20.281 In PPP contract, the corporation acquires the fixed assets and...

20.282 Furthermore, the assets typically have service lives much longer than...

Economic ownership and allocation of the asset

20.283 As with leases, the economic owner of the assets in...

20.284 The risks and rewards are with the operator if the...

20.285 In addition, owing to the specificity of PPP contracts, which...

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- 20.286 The provisions of each PPP contract shall be evaluated in...
Accounting issues
- 20.287 If the corporation is assessed as being the economic owner...
- 20.288 An alternative approach is to record the change of legal...
- 20.289 Another significant problem arises when government is assessed as being...
- 20.290 Another important problem concerns the measurement of production. Whatever decisions...
- Transactions with international and supranational organisations
- 20.291 Transactions that occur between resident units and international or supranational...
- 20.292 An example of such transactions is between non-government residents and...
- 20.293 The recording of specific transactions between national residents and institutions...
- 20.294 The institutions of the European Union make significant current and...
- 20.295 Grants paid from structural funds often involve co-financing, whereby the...
- 20.296 When non-government units are the beneficiaries, any payments made by...
- 20.297 The recording time of co-financed government expenditure transfers is the...
- 20.298 There may be circumstances where government advances exceed the amount...
- 20.299 When government units are the beneficiaries, the government revenue is...
- 20.300 All advance payments from the European Union to government units...
- Development assistance
- 20.301 Governments provide assistance to other countries by lending funds at...
- 20.302 Recording the international assistance through grants in kind, such as...

THE PUBLIC SECTOR

- 20.303 The public sector consists of general government and public corporations....
- 20.304 Public financial corporations can be further divided into the central...
- 20.305 Public sector accounts may be constructed according to the ESA...
- 20.306 All institutional units included in the public sector are resident...
- 20.307 The distinction between a public sector unit being part of...
- 20.308 The legal form of a body is not a guide...
Public sector control
- 20.309 Control of a resident public sector unit is defined as...
- 20.310 Each classification case needs to be judged on its own...
- Central banks
- 20.311 Central banks are generally assumed to be public financial corporations,...
- 20.312 A central bank is a financial intermediary, whose activity is...
- 20.313 Because of the existence of such beneficial interest or because...
- Public quasi-corporations
- 20.314 Public quasi-corporations do not possess the legal characteristics of independent...

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20.315 The activities of the quasi-corporation must be ring-fenced, with sufficient...

Special purpose entities and non-residents

20.316 Public sector entities may set up or use special purpose...

20.317 SPE units set up by the public sector must be...

20.318 Non-resident international joint ventures between governments, where neither party has...

Joint ventures

20.319 Public and private sector units can enter into a joint...

20.320 In practice, in most joint ventures there is joint control....

CHAPTER 21

LINKS BETWEEN BUSINESS ACCOUNTS AND NATIONAL ACCOUNTS AND THE MEASUREMENT OF CORPORATE ACTIVITY

- 21.01 Business accounts represent, alongside business surveys, a major source of...
- 21.02 National accounting has international standards shared across every country in...
- 21.03 Detailed guidelines on the contents of business accounts and how...

SOME SPECIFIC RULES AND METHODS OF BUSINESS ACCOUNTING

- 21.04 In order to extract information from business accounts, national accountants...
 - Time of recording
 - 21.05 Business accounts record transactions when they take place, giving rise...
 - Double entry and quadruple entry accounting
 - 21.06 In business accounts, each transaction of the enterprise is recorded...
 - Valuation
 - 21.07 In business accounts and in national accounts, transactions are recorded...
 - Income statement and balance sheet
 - 21.08 For business accounts, two financial statements are prepared: the income...
 - 21.09 The transaction accounts whose balance is included in the income...
 - 21.10 Balance sheets are stock accounts. They show the value of...

NATIONAL ACCOUNTS AND BUSINESS ACCOUNTS: PRACTICAL ISSUES

- 21.11 In order that national accountants may use business accounts on...
- 21.12 Business accounts can be used when the accounts are not...
- 21.13 Business surveys are the other major source of data for...
- 21.14 Globalisation complicates the use of business accounts in preparing national...
- 21.15 Another practical condition is that the financial year should correspond...

THE TRANSITION FROM BUSINESS ACCOUNTS TO NATIONAL ACCOUNTS: THE EXAMPLE...

- 21.16 The use of data from business accounts of non-financial enterprises...
 - Conceptual adjustments

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21.17 Conceptual adjustments are required because business accounts are not based...

Adjustments to achieve consistency with the accounts of other sectors...

21.18 National accounts require that the accounts of enterprises are consistent...

Examples of adjustments for exhaustiveness

21.19 Examples of adjustments to enterprise accounting data for exhaustiveness are...

SPECIFIC ISSUES

Holding gains/losses

21.20 Holding gains and losses are one of the main difficulties...

21.21 Eliminating holding gains/losses on stocks is not easy as it...

21.22 The valuations of assets at fair value provide a better...

Globalisation

21.23 Globalisation makes the use of business accounts more difficult when...

21.24 Globalisation has supported the reintroduction of recording imports and exports...

Mergers and acquisitions

21.25 Corporate restructuring causes the appearance and disappearance of financial assets...

21.26 However, the purchase of shares and other equity of a...

21.27 Where a corporation is legally split up into two or...

CHAPTER 22

SATELLITE ACCOUNTS

INTRODUCTION

22.01 This Chapter provides a general introduction to satellite accounts. It...

22.02 Satellite accounts elaborate or modify the tables and accounts in...

22.03 The central framework consists of the following:

22.04 Satellite accounts can meet specific data needs by providing more...

22.05 Satellite accounts can range from simple tables to an extended...

22.06 Satellite accounts can have various characteristics:

22.07 In this Chapter, characteristics of satellite accounts will be discussed...

22.08 A major group of satellite accounts have a functional approach...

22.09 The wide range of satellite accounts illustrates that the national...

22.10 Major advantages of satellite accounts include the following:

Functional classifications

22.11 Functional classifications classify expenditure by sector, and by the purpose...

22.12 The four different functional classifications that exist in the ESA...

22.13 In Coicop 14 main categories are distinguished:

22.14 The individual consumption expenditure of NPISHs and general government is...

22.15 Coicop also serves other major uses such as using the...

22.16 The classification of government expenditure by function (COFOG) is a...

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- 22.17 For describing and analysing the expenditure of private non-profit institutions...
- 22.18 For describing and analysing the behaviour of producers, COPP can...
- 22.19 COFOG and COPP show expenditure on environmental protection by the...
- 22.20 Some expenditure, like final consumption expenditure and intermediate consumption, can...

MAJOR CHARACTERISTICS OF SATELLITE ACCOUNTS

Functional satellite accounts

- 22.21 Functional satellite accounts focus on describing and analysing the economy...
- 22.22 The central framework is mainly institutional in nature. A functional...
- 22.23 A key concept in functional satellite accounts is national expenditure...
- 22.24 To analyse the uses for a function involves asking questions...
- 22.25 Depending on the field, the design of a satellite account...
- 22.26 Two types of products can be distinguished: characteristic products and...
- 22.27 Connected products are relevant for a function without being typical,...
- 22.28 Some services may appear in two or more satellite accounts....
- 22.29 The concepts in the satellite account may deviate from those...
- 22.30 For satellite accounts on social protection and development aid, specific...
- 22.31 The functional satellite account can provide an overview of the...
- 22.32 In many satellite accounts, households or individuals are the most...

Special sector accounts

- 22.33 Special sector accounts provide an overview focused on one industry...
- 22.34 The special sector accounts can also focus on an integrated...
- 22.35 The first step in drawing up special sector accounts is...
- 22.36 A goods and services account for the key products is...
- 22.37 The key products and key industries may be analysed in...
- 22.38 A set of accounts is compiled for the key sector....
- 22.39 In many cases, government plays an important role in connection...
- 22.40 When the key activities are based on natural non-renewable resources...
- 22.41 The key sector accounts can be presented in the framework...

Inclusion of non-monetary data

- 22.42 A major characteristic of many satellite accounts is the inclusion...

Extra detail and supplementary concepts

- 22.43 Two other major characteristics of satellite accounts are extra detail...

Different basic concepts

- 22.44 The use of different basic concepts is not common in...

Use of modelling and inclusion of experimental results

- 22.45 Some satellite accounts may be characterised by the inclusion of...

Designing and compiling satellite accounts

- 22.46 Designing and compiling a satellite account consists of four steps:...
- 22.47 Designing and compiling satellite accounts for the first time often...
- 22.48 In selecting what is relevant from the national accounts, three...
- 22.49 In designing and compiling a satellite account, applying the concepts...
- 22.50 A similar process applies to the operational concepts used in...
- 22.51 The reliability of parts of the national accounts statistics may...
- 22.52 Selecting relevant information from sources other than the national accounts...

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- 22.53 Combining the national accounts information and the other information into...
- 22.54 Transforming a consistent satellite account into a product for data...

NINE SPECIFIC SATELLITE ACCOUNTS

- 22.55 In the remainder of this Chapter, the following satellite accounts...
 - Agricultural accounts
 - 22.56 An example of an agricultural account is the economic accounts...
 - 22.57 The EAA consist of a production account, a generation of...
 - 22.58 The agricultural industry in the EAA closely resembles the agricultural...
 - 22.59 The EAA focus on the production process and the income...
 - Environmental accounts
 - 22.60 In the international guidelines on environmental accounts (System of Environmental-Economic...
 - 22.61 The integrated set of accounts for economic and environmental information...
 - 22.62 In the central framework, various aspects of environmental accounting have...
 - 22.63 From an environmental point of view, there are two major...
 - 22.64 In the central framework, only produced assets are taken into...
 - 22.65 The SEEA 2003 environmental accounting framework comprises five categories:
 - 22.66 Physical and hybrid flow accounts record four different types of...
 - 22.67 Physical flows are measured in units of quantity, which reflect...
 - 22.68 Physical flow accounts can be presented as supply and use...
 - 22.69 Hybrid flow accounts is a single matrix presentation containing both...
 - 22.70 The information in the hybrid flow accounts can be linked...
 - 22.71 The economic accounts for environmental transactions consist of environmental protection...
 - 22.72 For describing environmental protection, a functional approach combined with a...
 - 22.73 In the environmental asset accounts, three different types of environmental...
 - 22.74 Environmental asset accounts in physical and monetary terms describe the...
 - 22.75 The aggregates in the central framework can be modified to...
 - 22.76 From an environmental point of view, the adjustment for depletion...
 - 22.77 Defensive expenditure on the environment does not consist only of...
 - 22.78 Domestic product, saving and other key aggregates can be adjusted...
 - Health accounts
 - 22.79 The health accounts (see OECD, A System of Health Accounts,...
 - 22.80 The health accounts provide answers to three basic questions:
 - 22.81 Health care goods and services are split by function. Three...
 - 22.82 The major types of personal health care services and goods...
 - 22.83 In comparison to the central framework, the production boundary is...
 - 22.84 Two types of collective health services are distinguished:
 - 22.85 Seven types of health-related functions are distinguished:
 - 22.86 For the providers of health care, a detailed industry classification...
 - 22.87 Basically, health care financing can be recorded from two different...
 - 22.88 Simple overview tables showing the importance of health in the...
 - Household production accounts
 - 22.89 In the central framework, household activities such as the services...

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- 22.90 Household production accounts may be of particular interest for the...
- 22.91 Household production includes only services that can be delegated to...
- 22.92 For household production, different principal functions can be distinguished: housing,...
- 22.93 In the central framework, expenditure on consumer durables are part...
- 22.94 The output and value added of household production can be...
- 22.95 A major issue for household production accounts is the size...
- Labour accounts and SAM
- 22.96 In many countries, a wide range of labour market data...
- 22.97 A simple system of labour accounts is shown in Table...
- 22.98 A social accounting matrix (SAM) is a matrix presentation which...
- Productivity and growth accounts
- 22.99 A major use of the national accounts is to describe,...
- 22.100 Economic growth in national accounts terms is the volume growth...
- 22.101 This simple approach omits the role of other inputs, such...
- 22.102 The volume of capital input from the fixed capital stock...
- 22.103 Multifactor productivity measurement helps to identify the direct growth contributions...
- 22.104 For better measuring, analysing and monitoring growth and productivity, KLEMS...
- 22.105 The accounts consist of three interdependent modules: an analytical module...
- 22.106 The analytical module provides a research database for use in...
- 22.107 The statistical modules of the database are developed in parallel...
- Research and development accounts
- 22.108 In the central framework, research and development expenditure is treated...
- 22.109 In addition to this supplementary experimental table, a set of...
- Social protection accounts
- 22.110 Social protection and its interaction with issues such as ageing,...
- 22.111 Social protection benefits are transfers to households or individuals, in...
- 22.112 Social protection benefits are made through social protection schemes. These...
- 22.113 Where the reciprocal arrangement from the employee is not simultaneous,...
- 22.114 Government-controlled schemes are where the government takes all the principal...
- 22.115 Examples of government-controlled schemes are as follows:
- 22.116 Examples of non-government-controlled schemes are as follows:
- 22.117 Using information on specific individual schemes, the accounts for social...
- 22.118 For each individual social protection scheme, information is provided on...
- 22.119 The standard information on the various individual social protection schemes...
- 22.120 The concepts and classifications in the accounts for social protection...
- 22.121 The close linkage between standard national accounts statistics and social...
- 22.122 The OECD also publishes data on social expenditure by individual...
- Tourism satellite accounts
- 22.123 The tourism satellite account provides an overview of the supply...
- 22.124 'Tourism' comprises the activities of persons travelling to and staying...

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- 22.125 The demand generated by tourism covers a variety of goods...
- 22.126 Some of the services for tourism purposes, such as accommodation...
- 22.127 The key measure for describing the demand for tourism is...
- 22.128 The supply and use of goods and services for tourism...
- 22.129 In their tourism satellite account, countries can further disaggregate and...

CHAPTER 23

CLASSIFICATIONS

INTRODUCTION

- 23.01 The classifications in the ESA 2010 are fully in line...
- 23.02 The accounts are built around a small number of conceptual...
- 23.03 The entries in the accounts are divided into types designated...
- 23.04 In the context of a production approach of GDP, tables...
- 23.05 Apart from COFOC and Coicop, the functional classifications include also...

CLASSIFICATION OF INSTITUTIONAL SECTORS (S)

CLASSIFICATION OF TRANSACTIONS AND OTHER FLOWS

- Transactions in products (P)
- Transactions in non-produced non-financial assets (NP codes)
- Distributive transactions (D)
- Current transfers in cash and kind (D.5-D.8)
- Transactions in financial assets and liabilities (F)
- Other changes in assets (K)

CLASSIFICATION OF BALANCE SHEET ENTRIES (L)

CLASSIFICATION OF ASSETS (A)

- Non-financial assets (AN)
- Financial assets (AF)

CLASSIFICATION OF SUPPLEMENTARY ITEMS

- Non-performing loans
- Capital services
- Pensions table
 - Columns
 - (a) Liabilities recorded in the main sequence of accounts
 - (b) Liabilities not recorded in the main sequence of accounts
 - Rows
- Consumer durables
- Foreign direct investment
- Contingent positions
- Currency and deposits
- Classification of debt securities according to outstanding maturity
- Listed and unlisted debt securities
- Long-term loans with outstanding maturity of less than one year...

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Listed and unlisted investment shares
Arrears in interest and repayments
Personal and total remittances

REGROUPING AND CODING OF INDUSTRIES (A) AND PRODUCTS (P)

CLASSIFICATION OF THE FUNCTIONS OF THE GOVERNMENT (COFOG)

CLASSIFICATION OF INDIVIDUAL CONSUMPTION BY PURPOSE (Coicop)

CLASSIFICATION OF THE PURPOSES OF NON-PROFIT INSTITUTIONS
SERVING HOUSEHOLDS (COPNI)...

CLASSIFICATION OF OUTLAYS OF PRODUCERS BY PURPOSE (COPP)

CHAPTER 24

THE ACCOUNTS

ANNEX B

SEASONAL ADJUSTMENT

VOLUME DATA

SOURCES AND METHODS

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- (1) [OJ C 203, 9.7.2011, p. 3.](#)
- (2) Position of the European Parliament of 13 March 2013 (not yet published in the Official Journal) and decision of the Council of 22 April 2013.
- (3) Commission (Eurostat), *European System of Integrated Economic Accounts (ESA)*, second edition, Statistical Office of the European Communities, Luxembourg, 1979.
- (4) [OJ L 310, 30.11.1996, p. 1.](#)
- (5) [OJ L 192, 22.7.2011, p. 1.](#)
- (6) [OJ L 154, 21.6.2003, p. 1.](#)
- (7) [OJ L 87, 31.3.2009, p. 164.](#)
- (8) [OJ L 306, 23.11.2011, p. 41.](#)
- (9) Council Decision 74/122/EEC of 18 February 1974 setting up an Economic Policy Committee ([OJ L 63, 5.3.1974, p. 21.](#))
- (10) [OJ L 55, 28.2.2011, p. 13.](#)
- (11) [OJ L 332, 30.11.2006, p. 21.](#)
- (12) [OJ L 181, 19.7.2003, p. 1.](#)

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Changes and effects yet to be applied to :

- [Regulation revoked by S.I. 2021/1300 Sch. 1 para. 67](#)