ISSN 1977-0375

eurostat
Methodologies and
Working papers

Manual on sources and methods for the compilation of ESA 95 financial accounts

2nd edition - 2011 update

2011 edition

eurostat
EUROPEAN COMMISSION

eurostat
Methodologies and
Working papers

Manual on sources and methods for the compilation of ESA 95 financial accounts

2nd edition - 2011 update

2011 edition

eurostat
EUROPEAN COMMISSION

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone number (*)**:**
00 800 6 7 8 9 10 11

(*) Certain mobile telephone operators do not allow access to 00 800 numbers or these calls may be billed.

More information on the European Union is available on the Internet (http://europa.eu).

Cataloguing data can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2011

ISBN 978-92-79-19452-8
ISSN 1977-0375
doi:10.2785/12047
Cat. No KS-RA-11-004-EN-N

Theme: Economy and finance
Collection: Methodologies & Working papers

© European Union, 2011
Reproduction is authorised provided the source is acknowledged.

TABLE OF CONTENTS

CHAPTER 1 - INTRODUCTION 3

CHAPTER 2 -RECOMMENDATIONS 15

Abstract 16
Development of the recommendations 16
ISSUE N° 1 - Consistency between financial and non financial accounts 17
ISSUE N° 2 - Valuation of financial instruments 21
ISSUE N° 3 - Consistency between flows and stocks 26
ISSUE N° 4 - Consolidation 28
ISSUE N° 5 - Use of Balance of Payments data in financial accounts 35
ISSUE N° 6 - Recording in ESA95 conversions of unquoted shares into quoted shares 38
ISSUE N° 7 - Selected questions on instruments and units classification 40
ISSUE N° 8 - Practical Issues on accrued interest 50
ISSUE N° 9 – Valuation of unquoted shares 56

CHAPTER 3 -BULGARIA 65

CHAPTER 4 –CZECH REPUBLIC 91

CHAPTER 5 -DENMARK 107

CHAPTER 6 -GERMANY 118

CHAPTER 7 -IRELAND 132

CHAPTER 8 -SPAIN 151

CHAPTER 9 -LATVIA 173

CHAPTER 10 -LITHUANIA 184

CHAPTER 11 -HUNGARY 198

CHAPTER 12 -MALTA 216

CHAPTER 13 –THE NETHERLANDS 230

CHAPTER 14 -AUSTRIA 247

CHAPTER 15 -POLAND 266

CHAPTER 16 -PORTUGAL 278

CHAPTER 17 -ROMANIA 295

CHAPTER 18 -SLOVENIA 315

CHAPTER 19 -FINLAND 329

CHAPTER 20 -SWITZERLAND 356

CHAPTER 1: INTRODUCTION

1. Purpose
2. Structure
3. ESA reporting requirements
4. Financial accounts in the ESA
5. Use of financial accounts

Annex 1: Structure of the country chapters

Annex 2: Glossary

Annex 3: List of ESA 95 institutional sectors and financial instruments

1. Purpose

This Manual on sources and methods of the compilation of ESA 95 financial accounts represents not only an update of the first edition which appeared in 2002. It also offers, based on a completely restructured table of contents, much more detailed information by country, particularly on sources and methods used for each institutional sector and financial instrument.

A key objective of this new edition is to facilitate cross-country comparisons, by providing a standard framework for the information on each country. Moreover, the presentation in separate country files allows for a relatively quick updating process – if there are significant changes to the information signalled by the national authorities, the relevant country chapter could be replaced, without the need for a review of the whole Manual.

2. Structure

The structure of the country chapters is shown in Annex 1 of this Introduction. Apart from a breakdown of sources and methods by sector and instrument, the framework covers aspects such as institutional responsibilities, the data production cycle, and publication policy.

The information has been provided by the national authorities, based initially on the agreed structure pre-filled by Eurostat with information available from other sources. The main sources used for this pre-filling exercise were:

- The first edition of the Manual;
- Updates of country information provided by national authorities since the first edition of the Manual;
- Information supplied to the ECB for its Manual on MUFA sources and methods.

Once a country chapter was received from the national authority, Eurostat's main tasks were to assure a degree of standardisation in the type of information provided, and to question any references which seemed unclear or possibly misleading. Countries were given the opportunity to review the final draft of their respective chapter before its publication.

3. ESA reporting requirements

Member States are legally obliged to provide annual financial accounts data (ESA tables 6 and 7) at t + 9 months. However, under a gentlemen's agreement, Eurostat expects as many countries as possible to respect a deadline of t + 6 months. Moreover, countries are encouraged to provide new transmissions of data within days of their national publication. Those Member States compiling financial accounts on a quarterly basis are invited to transmit annual updates each quarter, and notably when all four quarters are available for the previous year (i.e. the first annual estimate, likely to be available in the early spring each year).

The main change under the reporting requirements of the new ESA transmission programme[1] is that the sub-categories of financial instruments are now obligatory. Other changes in volume and revaluation accounts remain voluntary, as well as the new counterpart information now requested. Provision of data on all institutional sub-sectors is obligatory, except that the separate reporting of S.121 and S.122 is still voluntary, and so is the separate reporting of S14 and S.15. The reporting of S.21, S.211 and S.22 also remains voluntary.

The legal reporting period covered for annual financial accounts data remains 1995 onwards. However, some countries transmit data for earlier years, and Eurostat continues to encourage this.

Specifically, the obligatory tables comprise:

0610 – transactions, consolidated
0620 – transactions, non-consolidated
0710 – balance sheet, consolidated
0720 – balance sheet, non-consolidated

The voluntary tables comprise:

0611 – other changes in volume, consolidated
0612 – revaluation, consolidated
0621 – other changes in volume, non-consolidated
0622 – revaluation, non-consolidated
0625 – financial accounts counterpart information, non-consolidated
0725 – balance sheets counterpart information, non-consolidated.

The ESA transmission programme includes a list of all country derogations, many of which relate to specific sub-instruments for a limited period. For the sake of completeness of the European aggregates, Eurostat urges countries to transmit the data under derogation as soon as they are able, even if this is before the expiration of the derogation.

4. Financial accounts in the ESA

The European System of Accounts (ESA 95)[2] constitutes a coherent, consistent and integrated system of national accounts designed to show economic processes in accordance with macroeconomic theory which, among other things, distinguishes between certain economic processes summarised under the headings production, income/use of income and capital formation (accumulation). The accounts also include balance sheets to describe the stocks of assets and liabilities at the beginning and at the end of the accounting period. The ESA provides not only a classification system and accounts structure, but also various rules (valuation, time or recording, etc.) which should be followed when compiling national accounts.

[1] The transmission programme may be found at the following link: http://www.eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2007:324:SOM:EN:HTML.

[2] ESA 95 is currently undergoing a process of revision.

4.1 Financial account

The financial account deals with the financial transactions taking place between institutional units, and between them and the rest of the world. It shows how the surplus or deficit on the capital account is financed by transactions in financial assets and liabilities. Thus the balance of the financial account (net acquisition of financial assets *less* net incurrence of liabilities) is equal in value to net lending /net borrowing, the balancing item of the capital account.

The financial transactions are summarised and recorded systematically in the financial account. The financial account indicates how net borrowing sectors obtain resources by incurring liabilities or reducing assets, and how net lending sectors allocate their surpluses by acquiring assets or reducing liabilities. The account also shows the contributions to these transactions of the various types of financial assets, and the role of financial intermediaries.

Most transactions involving the transfer of ownership of goods or assets or the provision of services have some counterpart entry in the financial account. The counterpart may take the form of a change in currency or transferable deposits, an account receivable or payable (e.g. a trade credit) or some other type of financial asset or liability. Moreover there are many transactions that are recorded entirely within the financial account, where one financial asset is exchanged for another or a liability is repaid with an asset. Financial assets may be created through the incurrence of liabilities. Such transactions change the distribution of the portfolio of financial assets and liabilities and may change their total amounts but do not affect the net lending /net borrowing.

Identifying financial transactions necessitates:

- Distinguishing financial from non-financial assets;
- Distinguishing financial transactions from other changes in financial assets;
- Distinguishing transactions in financial assets from operations involving contingent rather than actual assets.

Certain changes in the volume and value of financial assets take place during an accounting period without being the result of any financial transactions between institutional units to be recorded in the financial account.

4.2 Other changes in assets

The recording of ‘Other changes in assets’ comprises nominal holding gains /losses, and other changes in volume of assets. The nominal holding gain on a given quantity of an asset is defined as the change in value for the owner of that asset as a result of change in prices or exchange rates. The nominal holding gain on a liability is defined as the change in value of that liability as a result of a change in its price, but with the sign reversed.

A positive holding gain is due to an increase in the value of a given asset or to a reduction in the value of a given liability. A negative holding gain - i.e. a holding loss - is due to a reduction in the value of a given asset or an increase in the value of a given liability.

Nominal holding gains /losses are recorded in the revaluation account. A holding gain is said to be realised when the asset in question is disposed of, or the liability repaid. An unrealised gain is therefore one accruing on an asset that is still owned or a liability that is still outstanding at the end of the accounting period.

Nominal holding gains /losses take place mainly in connection with shares, bonds and foreign assets. For these and other financial assets and liabilities it may be that the content of opening and closing values are not materially comparable due to reclassifications of institutional units, etc. This type of effect on balances is difficult to deal with in some cases.

Any changes in financial assets and liabilities that are not due to financial transactions or holding gains and losses are to be recorded under 'Other changes in volume of assets'. They include for example:

- Reclassifications: changes in sector classification and structure of institutional units and changes in classification of assets and liabilities.
- Write-offs and write-downs of bad debt by a creditor: unilateral recognition by a creditor that a financial asset can no longer be collected due to bankruptcy or other factors;
- Catastrophic losses (due to acts of war, hurricanes, fire, etc.) and uncompensated seizures of assets;
- Allocations and cancellations of SDRs;
- Monetisation and de-monetisation of gold.

4.3 Financial balance sheets

Balance sheets are statements of the value of assets and liabilities at a particular point of time, and can be drawn up for institutional units, sectors or the whole economy. The balancing item is 'net worth' or, in the case of the whole economy, 'national wealth' – the aggregate of non-financial assets and net claims on the rest of the world.

For any accounting period each financial balance sheet is linked to the previous one by the accounting identity:

stock at the beginning of the accounting period
\+ transactions during the accounting period
\+ other changes in the volume of assets
\+ holding gains *less* holding losses accruing during the accounting period
= stock at the end of the accounting period.

The financial balance sheet shows the financial assets held and the liabilities outstanding at a particular point in time. The balancing item of the financial balance sheet is net financial assets. Net financial assets are the result of cumulative revaluation, other changes in volume of financial assets and net lending /net borrowing.

The financial balance sheet can also be extended to show a breakdown of financial assets by debtor sector and a breakdown of liabilities by creditor sector. Therefore, the financial balance sheet by debtor /creditor (of a sector or the rest of the world) provides information on debtor /creditor relationships and it is consistent with the financial account by debtor /creditor.

5. Use of financial accounts

Financial accounts form an important tool for analysing financial flows taking place between institutional sectors within the economy and between institutional sectors and the rest of the world. Similarly, financial balance sheets are used for assessing financial inter-relationships within the economy and vis-à-vis the rest of the world at a particular point in time. Because of their link with the capital and use of income accounts, financial accounts serve as an important instrument to monitor the transmission process of monetary policy. The completeness of financial accounts enables analysis of monetary aggregates as well as of longer-term financial investments and sources of finance. Consequently the financial accounts provide a way of examining the financial effects of economic policy and assistance for decisions regarding future policy. They can be used to investigate factors influencing the holdings of and transactions in, different types of financial instruments: changes in interest rates, etc.

For financial institutions the financial account shows the large amounts of funds which are channelled through them as financial intermediaries. The scale of this makes it important to be aware of changes in their sources of funds and in the use of those funds. The transactions of the financial institutions reflect the liquidity, current and capital expenditure of other sectors, and the financing of the government sector net cash requirement.

Financial balance sheets show the financial worth of each sector of the economy at a particular point in time. The changes from previous balance sheets illustrate both the change in the valuation of different instruments as stock markets move, currency exchange rates change, etc. and the changing portfolios resulting from financial transactions. This allows measuring “wealth effects” through the change in market prices of assets. As concerns the structure of financial markets, balance sheets can be used to measure, for example, the:

- Share of different financial instruments by sector;
- Share of different sectors by financial instrument;
- Degree of marketability of financial instruments;
- Degree of financial intermediation.

At international level, financial accounts may be used in various forms of cross-country comparisons.

Annex 1: Structure of the country chapters

The country chapters follow the structure below. In one or two cases a country has not provided any information for a particular section, so the section heading does not appear in the country chapter.

1. **Institutional arrangements**

   - Responsibilities in terms of compiling, reporting, publishing
   - Cooperative structures

2. **Publication**

   - Policy
   - Publications (incl. content, frequency, timeliness)
   - Brief description of data (length of series, coverage, series breaks, publication of voluntary tables).

3. **Production cycle**

   - Timetable (what is produced when)
   - Revisions policy
   - Relation with quarterly FA production (incl. MUFA)
   - Relation with non-FA production

4. **Balancing the accounts**

   - Data reconciliation practices, including stock/flow consistency
   - Treatment of statistical discrepancies
   - Discrepancies with non-FA

5. **Consolidation issues**

6. **Plausibility checks**

   - Data consistency checks
   - Monitoring of unusual and very large items
   - Year to year changes

7. **Ongoing or planned changes to FA production**

   - Any significant developments

8. **Sources and methods by institutional sector and financial instrument**

Sector S.11 (then S.121, S.122, S.123, S.124, S.125, S.13, S.14/S.15)

- (sub)sector delimitation issues

- financial instrument F.1 (then F.2, F.3, F.4, F.5, F.6, F.7) including sub-instrument information where different

    - assets – transactions, stocks, other changes
    sources (incl. estimation methods, use of counterpart data), definition and coverage issues (borderlines, ESA deviations), valuation and other issues (eg. time of recording).

    - liabilities – transactions, stocks, other changes
    sources (incl. estimation methods, use of counterpart data), definition and coverage issues (borderlines, ESA deviations), valuation and other issues (eg. time of recording).

Annex 2: Glossary

The following is a glossary of terms used throughout this Manual – in this introductory chapter and in the country chapters.

BOP	Balance of payments
CSDB	Centralised securities database
CSM	Currency settlement media
ECB	European Central Bank
EDP	Excessive deficit procedure
ESA	European system of accounts
ESCB	European System of Central Banks
FA	Financial accounts
FATS	Foreign affiliates trade in services
FDI	Foreign direct investment
FMA	Financial markets authority
IC	Insurance companies
ICPF	Insurance companies and pension funds
IIP	International investment position
ISIN	International securities identification number
MBS	Money and banking statistics
MFI	Monetary financial institutions
MGDD	Manual on government deficit and debt
MMF	Money market funds
MOF	Ministry of finance
MS	Member State(s)

MUFA	Monetary union financial accounts
NA	National accounts
NCB	National central bank
NFA	Non-financial accounts
NFC	Non-financial corporations
NSI	National statistical institute
OEF	Other economic flows
OFI	Other financial institutions
OMFI	Other monetary financial institutions
PF	Pension funds
QFAGG	Quarterly financial accounts of general government
ROW	Rest of the world
SDR	Special drawing right(s)

Annex 3: List of ESA 95 institutional sectors and financial instruments

Institutional sectors reported in the financial accounts

- Non-financial corporations (S.11)
- Financial corporations (S.12) with sub-sectors:
  - Central bank (S.121)
  - Other monetary financial institutions (S.122)
  - Other financial intermediaries (S.123)
  - Financial auxiliaries (S.124)
  - Insurance corporations and pension funds (S.125)
- General government sector (S.13) with sub-sectors:
  - Central government (S.1311)
  - State government (S.1312)
  - Local government (S.1313)
  - Social security funds (S.1314)
- Households (S.14)
- Non-profit institutions serving households (S.15)
- Rest of the world (S.2)
  - European Union (S.21)
    - Member countries of the EMU (S.2111)
  - Third countries and international organisations (S.22).

Financial instruments

Monetary gold and SDRs	**F1**
Monetary gold	F11
Special drawing rights (SDRs)	F12
Currency and deposits	**F2**
Currency	F21
Transferable deposits	F22
Other deposits	F29
Securities other than shares	**F3**
Securities other than shares, excluding financial derivatives	F33
Short-term securities other than shares, excl. fin. derivatives	F331
Long-term securities other than shares, excl. fin. derivatives	F332
Financial derivatives	F34
Loans	**F4**
Short-term	F41
Long-term	F42
Shares and other equity	**F5**
Shares and other equity, excluding mutual funds shares	F51
Quoted shares	F511
Unquoted shares	F512
Other equity	F513
Mutual funds shares	F52
Insurance technical reserves	**F6**
Net equity of households in life ins. & pension funds reserves	F61
Net equity of households in life insurance reserves	F611
Net equity of households in pension funds reserves	F612
Prepay. of ins. premiums and reserves for outstanding claims	F62
Other accounts receivable /payable	**F7**
Trade credits and advances	F71
Other	F79

CHAPTER 2: RECOMMENDATIONS

Abstract

Development of the recommendations

Issue n° 1 – Consistency between financial and non-financial accounts

Issue n° 2– Valuation of financial instruments

Issue n° 3 – Consistency between flows and stocks

Issue n° 4 – Consolidation

Issue n° 5 – Use of Balance of Payments in financial accounts

Issue n° 6 – Recording in ESA95 conversions of unquoted shares into quoted shares

Issue n° 7 – Selected questions on instruments and units classification

Issue n° 8 – Practical issues on accrued interest

Issue n° 9 – Valuation of unquoted shares

Abstract

This chapter records recommendations agreed at the Working Group on compilation methods. In general, the presentation used here states the issue that was discussed; describes the background to the discussion; and provides a recommendation.

Development of the recommendations

The Working Group was established on the basis of a decision by the Financial Accounts Working Party in March 2000. It met 3 times between September 2000 and May 2001. In establishing its work agenda, the Working Group identified the following priorities:

- comprehensive coverage, to include all Member states and Candidate countries in the work;
- a focus on meta-data about annual national financial accounts;
- identifying and recording a statement of sources and methods for financial accounts;
- consideration of compilation practices;
- a focus on specific issues raised by participants who needed clarification to ensure comparability between countries.

The latter point – focuses on specific issues – is detailed in this chapter.

By definition what is presented are that set of issues prioritised by the Working Group for discussion rather than a fully comprehensive discussion relating to all sectors and all financial instruments. This practical approach was identified as an important element in the approach designed to ensure the early development of this manual.

In general, the goal for participants has been to identify points where countries encounter methodological or compilation difficulties and to establish solutions that can assure comparability of data at an aggregate level. In so far as possible the Working Group has taken a practical approach acknowledging the need to allow for flexibility in the compilation process.

ISSUE N° 1
Consistency between financial and non financial accounts

1. Statement of the issue

ESA95 defines only one balancing item B9, assuming that figures would be similar as shown both in the "acquisition of non-financial assets" of "capital account" and in the financial account. What are the causes of discrepancies between the financial and non-financial accounts and how should these be addressed in practice?

2. Background

The question of statistical discrepancies between the financial and non-financial accounts is not new. For "transparency purposes" Eurostat in designing the data transmission agreements with EU Member states has added two lines in table 6 (provided on a voluntary basis) two lines on the liability side "net financial transactions" and "statistical discrepancy". The inclusion of these lines in the financial accounts transmission standard allows the size and extent of the discrepancy between the accounts to be identified, although it is clear that it does not explain them.

An important starting point in a discussion of such discrepancies is to acknowledge that the discrepancy can be attributed to either of the accounts. From the data received under first official ESA95 transmission program in September 2000, it appeared that discrepancies are less important than under ESA79; most especially they appear rather small for General Government.

This much can be presented by way of a brief introduction to the issue. It is necessary to describe the sources in so far as it is possible for these discrepancies.

3. Reasons for the discrepancies

A variety of key reasons were assessed to understand the possible origin of discrepancies:

Classification of units should in principle not cause discrepancies. This is because institutional units are to be classified to a sector (or sub-sector) in a similar manner by non-financial and financial compilers. However, statistical sources may include some misclassifications and the effect could be significant where counterpart (or "mirror") information is used in compilation.

Use of different sources in compiling the financial and non-financial accounts is of course another important cause of discrepancies. "Basic data" are frequently not consistent concerning coverage and timing. Occasionally it is necessary to rely on estimates to identify non-financial and financial transactions and where these are made separately but different compilers in perhaps different institutions, there will exist no natural guarantee that full consistency can be achieved. For instance, a similar transaction may be valued

differently in both accounts where it has not been directly observed but is the result of some calculation. Difference in timeliness for availability of data must also be quoted.

Other causes might be manner in which **accrual recording** for some transactions is achieved, especially where the counterpart entry is not estimated simultaneously or from the similar source.

Finally, some difficulties for **identifying creditors of some financial assets** (notably securities) are also a possibility as these may lead to misstatements of net lending/net borrowing by sector.

The question of **revision of accounts** should also be examined. There can exist differences in the revision policy followed by the non-financial and financial accountant.

Another practical fact is the manner in which the reconciliation procedure between non-financial and financial accounts can be achieved. Where these accounts are developed in **different national institutions** it is clearly the case that identifying and resolving discrepancies are more difficult.

It is recognised that all reasons for discrepancies are not described yet. Some reasons may be become clearer in the near future.

4. Additional input by national experts

The WG agreed on the above-mentioned list of discrepancy sources.

In particular, it was stressed that, in detail, some differences in classification of units, although to be avoided may appear but more important seems the fact that by nature their coverage in different sources may diverge. For instance, for non-financial corporations, non-financial transactions could be based on local units whereas financial accounts would use data based on legal units to which they belong.

Another problem is the move of units from one sector to another that can be taken in effect in different ways or at different periods. The example of financial auxiliaries, not easy to identify in practice, was given.

It was confirmed that there might also be some misclassifications of units in some sources. It is notably the case in statements from banking sector, for instance for government units that might be difficult to classify. Banks are not always quite aware of what is a market producer or of quasi-corporations

An idea expressed by some participants was that individual misclassifications are not very significant (they are not easy to identify, nor can they justify more specific resources) but the addition may be non-negligible. There was a large consensus for stating that the main cause stems from using multiple sources that are not consistent at the level of each individual transaction. However, it is not easy to determine the exact part that is due to basic information and the part that is linked with treatment estimation procedure.

In addition, the causes may vary between sectors, in different hierarchy. On this point, participants were very reluctant to generalise, all the more since the causes may change each year. It is the reason why using a pre-determined model for adjusting data, in priority on some sectors or instruments, could be not appropriate.

A distinction must be introduced between "spontaneous" or "ex ante" discrepancies and "final" or "ex post" discrepancies. The former results from the first stage of compilation and is used in the process of combining different sources. They are often considered as useful indication and seem to be easily corrected for a part. The latter represent the irreducible gap between the accounts, for which compilers are not in a position to make reliable assumptions about their origin. Obviously, only discrepancies under this second meaning are to be considered.

Concerning the sectors, frequently discrepancy is very small for Financial Corporations and for General Government as in most cases homogeneous sources are used for units classified within these sectors.

Main discrepancies are shown for non-financial corporations and households. Very often, they have an opposite sign and absolute amounts not very far. However, participants saw any combined adjustment (a kind of netting) as rather arbitrary with some consequences on other items and effects on some important national accounts aggregates.

It was finally considered by a majority of members that normally discrepancies would be usually in the same sense and not appeared in a stochastic way. The latter feature could be the sign of a great instability in the compilation system.
As a result, discrepancies seem unavoidable. They must not be considered as an automatic sign of bad quality of financial accounts. Non financial accounts are not necessary the benchmark. Particular examples can be given in each country. In some cases there is little doubt that FA may be better, for instance in the calculation of interest from stocks, notably as interest are recorded on an accrual basis. For some compilers, the most important is to get global consistency assets/liabilities for each category of financial instruments.

From a general point of view, there could be two opposite "extreme" attitudes concerning the discrepancy between non-financial and financial accounts. The first one would be ignoring completely the question, arguing that both sets of data are compiled on incomparable basis and are published independently from each other. The second one would be a full reconciliation between financial and non-financial accounts. The latter solution is shown in only one country.

In most countries, there was clearly in recent years a move to an approach, under the form of a full reconciliation in which data are systematically compared during the compilation process. It can be seen as the result of frequently rather strong improvement in data sources and methods used for financial accounts, at the occasion of implementing new ESA95. Under these conditions, financial accounts compilers can be more confident in the quality of their data and therefore limit the size of adjustments in financial accounts in order to bring them closer to non-financial accounts.

The dialogue is organised in various ways and shows a large range of coverage and efficiency. It must be pointed that it is not easy where sources are completely different by

nature and, so, not directly comparable. But the objective of such contacts could also try to get a nearly integrated system of sources of data for some sectors or sub-sectors.

5. Recommendations

1. In classifying institutional units, there is an absolute need for a close and permanent co-operation between Non-financial accounts and Financial accounts compilers, in order to avoid any discrepancy resulting from difference in coverage. The co-operation should also apply to co-operation with those institutions producing primary statistics.

2. This dialogue should be organised on an institutional basis and also cover the question of discrepancies, establishing clear procedures for resolving these. The discussions should take place during the compilation process, before any publication by one party. They should be based on a sector approach as the diversity in basic data for the institutional sectors implies that methods applied to reduce discrepancies would necessarily vary.

3. Given such close co-operation, some sources of discrepancy can be minimised, such as timeliness of sources and revision policy.

4. Any change in size of a discrepancy normally observed in data should always be specifically investigated.

5. It is not realistic to fix a target for the size of discrepancy that could be considered as "acceptable". A reference to "best performing countries" on this point could however be used as "benchmarking", while bearing in mind that the “best performing countries” do not necessarily have to be countries that reduces the discrepancy through allocating it ti one or more financial instruments

6. For transparency reasons, except in case of specific legal constraints, the discrepancies between non-financial accounts and financial accounts measures of B9 should be published according to the model designed for the "official transmission" (currently on a voluntary basis) of annual data to Eurostat. In case of a full reconciliation is exercised pre-balancing measures of B9 should also be made available to Eurostat.

ISSUE N° 2
Valuation of financial instruments[3]

1. General issue

1.1 Statement of the issue

There exists a range of problems in deciding how to value financial instruments. This note summarises a present state of play regarding some of these problems. Before looking to specific questions, the central references within ESA 95 are cited to provide a necessary background and to identify some points, which are not precisely clear.

1.2 ESA 95 – reasoning related to valuation of financial instruments

In theory, there are four possible methods for valuing financial assets and liabilities:

- nominal/face value, representing in some cases the value of right/commitment on principal resulting from a financial instrument but with a poor meaning in other cases; in addition, it may not reflect the "instantaneous" value of one asset,

- historical/book value, equal (normally) to the value of the underlying transaction but raising heterogeneity and asymmetry problems,

- fair value, defined as the current economic value of an asset (the cash the holder would expect to get in all likelihood when removing the asset from his balance sheet), but it may be the result of various estimation methods and it raises also asymmetry problems,

- market value, as the current price observed on a market; it is a general reference[4], only applicable for “marketable” assets.

ESA95 states as a general rule for all assets (7.25) that all assets and liabilities are to be valued using current market prices on the date to which the balance sheet relates.

This rule applies to financial assets (7.44): "Financial assets and liabilities should in principle be valued at current prices. They should be assigned the same value whether they appear as financial assets and liabilities."

---

[3] Issues on valuation of financial derivatives are not considered in this note.

[4] It is clear that the market value does not mean that all holders of one asset would expect to get proceeds from a sale at this price because they will have on effect on price adjustment (theoretically the price will tend to zero). The market or current price means only that, at a certain point of time, some transacts have agreed on a value that is so economically significant. From that, we can infer that any holder acting under the same conditions would have accepted a similar valuation.

But it is not applicable for assets that are not tradable on secondary markets

Given this, the following are excluded:

- Deposits: "the values to be recorded in the balance sheets are the amounts of principal that the debtors are contractually obliged to repay the creditors under the terms of the deposits when the deposits would be liquidated on the date the balance sheet is set up."(7.46)

- Loans: "The values to be recorded in the balance sheets of both creditors and debtors are the amounts of principal that the debtors are contractually obliged to repay the creditors, even in cases where the loan was traded at a discount or premium." (7.51). These values should be recorded gross of provisions for bad debt, which "are treated as book-keeping entries that are internal to the institutional producer unit and do not appear anywhere in the system" (4.165 f).

- Other accounts receivable/payable: "They are to be valued for both creditors and debtors at the amount the debtors are contractually obliged to pay the creditors when the obligation is extinguished." (7.61)

An important concept, "marketability" undoubtedly needs further consideration. There is no clear definition of "marketability" in ESA95.

From a general point of view, in ESA, a contingent asset is considered as a financial asset when it has "a market value because it is tradable or can be offset on the market" (5.05, 5.66). Thus, the mark-to-market principle depends on negotiability.
Only instruments within categories AF3 and AF5[5] are to be valued at market price.[6]

However, ESA95 seems to favour a "practical approach" when considering negotiability; see 5.59 "while theoretically possible, is very restricted in practice'; 5.64b cites also "non-negotiable securities" while 5.77 says that "the distinction between transactions in loans and transactions in securities other than shares can be based on the degree of marketability of the financial assets and its implications".

1.3 Summary

At this stage, some key points can be raised:

- **as soon as two units agree on a price**, different from the "face" value of the instrument, is it possible to consider **this as a market value**, even where the asset is normally not traded? In other words the market is not assumed to be pre-existing, and must be created by the transaction itself;

- **negotiable would not necessarily mean "effectively traded**";

[5] Other equity is considered however as an exception (see 7.56) that could be discussed in some cases.

[6] With the specific case of AF.1, for Monetary Gold.

- a **sufficient condition** for considering an asset as **marketable** could be that the **absence of absolute restriction** (legally or technically as for deposits) to transactions between holders independently from the debtor;

- under which conditions can we consider that **an asset is traded enough** so that a market valuation could be identified? At which extent might a current price considered as economically significant?

The notion of "current price" must also be examined as one of the key elements needed to establish a market price. In general, market prices in the system can be expected to be arms-length, economically significant prices agreed between economic actors.

1.4 Observable prices

ESA95 states that, as much as possible, **prices must be observed** on the market but, frequently, a tradable asset may be not traded or not often. On the securities official lists, there may be a huge concentration on a few items whereas on OTC market, "market makers" may not show permanently bid and offered prices.

Where there would be no price observed on the date to which a balance sheet relates, it should be acceptable to use a price observed another day provided that it was in the recent past. ESA95 states that “an attempt has to be made to estimate what the prices would be if the assets were acquired on the market on the date to which the balance sheet relates.”(7.26)

On this point, ESA proposes first estimations from observed prices (e.g. by analogy with a similar financial asset or by applying change in a given index) and adds that, as a proxy, present or discounted value of future returns may be used. It seems clear that flexibility should be left to countries on this point.

Another point is the question of valuation method that can be based on a global approach or be implemented individually.

Ideally, marketable instruments should be valued on an individual basis, from a "security-by-security" database

Where it is not possible, indexes are used, raising several questions as the choice of a fully representative index, the possible distortions on indexes at some dates (notably end of year), assumptions about portfolio structure for some sectors, etc.

Finally, the question of asymmetries due to valuation must also be raised.

Valuation should be consistent on sides, assets and liabilities.

Information on assets holdings may come from accounting sources where similar assets are valued at different prices.

How are data adjusted? Is the liability side always taken as a reference?
What is the effect on quality of consolidated data?

1.5 Additional input by national experts

The participants confirmed first that they have no problem for recording instruments at nominal value where ESA95 provides such requirement.

The difficulties stem effectively from market valuation. However, the situation on this point is generally considered as rather satisfactory.

Compliance with ESA rules is ensured in most cases, whereas the methods are considered as providing enough accuracy. It is valid for the liability side and, more specifically, for instruments issued by residents of the country. Normally, BOP provides accurate information about securities issuance abroad by residents.

In some countries, the current market value is used for short-term securities only for the most liquid securities. Generally, it is applied to Treasury bills that are frequently traded and are the support of specific transactions as Repos. On the contrary, the issue value is used for the less liquid short-term securities, like certificates of deposits and commercial paper. Effectively, it is often observed that these securities are not traded all along their (short) life and in some countries there is in fact no real secondary market. In other countries, the nominal value is systematically recorded for these instruments. Some participants gave example of CDs. For a majority of participants, the effect is negligible on data (accrued interest not paid at the end of the period is overestimated, but only the difference between periods is relevant).

Frequently, Member States use security-by-security database allowing a valuation at market value of good quality for all securities where prices are observed and easily available. However, the situation in Member States seems to be rather heterogeneous on this point. In some cases, the valuation is based on indexes, notably for long term securities. Apparently, this method gives results considered as rather reliable, not at the source of big distortions or large wrong records.

Thus, valuation of instruments on the liability side may be considered as satisfactory. But another point is to split the corresponding total amounts between the different holding sectors and sub-sectors.

Clearly, the information needed for it is not totally available as compilers find in their data sources, generally directly in balance sheets, very often a mix of different valuation methods. It is notably the case for banks because of supervisory rules that ask for differentiating different parts of their portfolio according to the purpose of holdings (trading, investment, etc.). It is generally identifiable. For these units, which is not the case for non-financial corporations where it may happen that compilers are not aware of the exact valuation method used especially where accounting rules are very flexible.

As a consequence, this split between holders is largely realised as a proxy, based necessarily on some hypothesis. An average holding period in portfolio may give information on the average change in valuation to be applied to the amount recorded in portfolios. It may also be assumed that globally the value recorded in portfolios is very close top the nominal (face) value of the securities. Or, the split may be based on a simple rule taking into account the respective share of each sector (and sub-sector) in the total

compiled on the asset side. Under this practice, there is a kind of neutral hypothesis considering that the transition from "book value" to market value is very similar for all sectors and sub-sectors. Although some compilers recognise that it may be questionable, they consider that finally results would not show very big errors.

However, it is certain that such proxy would affect the split between non-financial corporations and households. Recording portfolios of the former can be only partial while, in other cases, both are considered globally as "residual". Other information must be used, as already mentioned, notably under the form of surveys where such information is not directly available in some sources as custody bodies.

Concerning recording the reinvestment of accrued interest, different practice may be seen among Member States. Some do not record it under the relevant instruments, using F79. It is notably the case for deposits and loans, while accrued interest on securities is generally recorded under F3.

1.6 Recommendation

Using a security-by-security database must be encouraged, at least for main issuers on the market. It is the case for General Government sector (notably Central Government) but recent trends in the market (as development of Corporate bonds issues) show that such a database should not be confined to this sector. As Stock Exchange is taking more importance in most countries (increasing share in saving invested in bonds, development of pension funds), using a security-by-security database for quoted shares could be also recommended.

If such a security by security database does not exist, then valuation should be based on indexes, notably for long term securities.

ISSUE N° 3
Consistency between flows and stocks

1. The issue

The ESA95 framework presents a full set of accounts so that for any financial instrument and sector, changes between opening and closing balance sheets are divided into financial transactions and "other flows". The "other flows" cover changes in volume not resulting from a transaction between units and changes resulting only from a change in price of financial assets and liabilities (including change in exchange rate).

Currently, under the transmission program, Eurostat is asking for complete financial accounts and balance sheets (tables 6.01, 6.02, 7.01, 7.02) and, on a voluntary basis, for only some items of the "revaluation account" (tables 6.03, 6.04).

It is worth examining the different methods of estimation of financial transactions: like "direct information" or "derivation from stocks". In particular, there is a need to identify the "weakest links" in the estimation process.

2. Additional input by national experts

2.1 Identification of transactions

As a general rule, the method used for estimating financial transactions is the "changes in stocks adjusted by information on other flows".

However, compilers should always favour direct data on transactions when they are available. It is notably the case for net issuance of securities where market information exists and is reliable, at least for securities traded on an organised market. Purchases and sales of Mutual Funds Shares are frequently available. Balance of Payments transactions are also an example of "direct information".

It was stressed that in some cases, only transactions are known, as for the example of government taxes on an accrual basis where "other accounts" (F7) are not available for financial accounts. It is nevertheless difficult to imagine that such information would not exist, whatever the form, in government units accounting system. In this case, it seems to be more a question of "mobilisation" and aggregation of information.

But, the question of government stocks is in any case a source of difficulties as government units generally use a specific accounting system that does not allow to compile a complete balance sheet giving an exhaustive view of financial assets and liabilities for these units.

Using Balance of payments information may also raise problems for stocks and also for transactions in some cases. That is why financial account compilers often favour counterpart information from the banking sector.

In some countries, the International Investment Position, estimated under the framework of BOP, is of very little help for financial accounts. It may be calculated only as the simple accumulation of flows. It may only cover foreign direct investment and induce, in addition, valuation problems. But, generally, it is more a question of timeliness since frequently BOP stocks are made available after a long delay. In this case, financial accounts must make a provisional estimation, followed by more or less significant revisions.

In some cases, transactions may be available in a security database. Data on purchases and sales are fully available, which enables to calculate the adjustment for valuation effect for marketable instruments. Of course, such estimates may only cover domestic holdings by residents. Where there is a development of portfolios held directly abroad, coverage would in this way be partial.

There is a specific problem for non-financial corporations and households that are, for some instruments, considered as a "joint residual". It is even the case in some surveys because intermediaries cannot (or simply do not want to) make a split. Under these conditions, transactions may be the result of keys of repartition. It is not seen as a big concern where the latter are determined on the basis of reliable studies or surveys.

2.2. Other changes in volume of assets (OCV)

Identifying items included in "other change in volume" raises specific difficulties.

First, coverage is incomplete due to a lack of information. Information is very often available only for credit institutions and for some specific operations undertaken by government units. However, the effect on quality does not seem to be very significant. For instance, direct loans between other domestic sectors account for a minor part of total loans and one may assume that write-offs are rather limited. Other cases of OCV should be on very small amounts concerning financial assets and liabilities. In several countries, there is no information on OCV from Balance of payments statistics. Again, the most important case (write-offs) should not concern big amounts since low-quality borrowers have a restricted access to credit from non-resident banks or to international financial markets. It could nevertheless be possible to make surveys only for big firms with a view to catching a main part of the information.

Second, it seems that the question of loan write-downs and write-offs is not interpreted in a similar way. In some countries, it is equal to provisions because loans are recorded on a net basis in data sources. In other, OCV is understood as comprising all final losses on loans even in cases a capital transfer should be recorded.

There is a need for clarification on this point.

2.3 Revaluation

Concerning the revaluation effect, an ideal situation is of course an approach based on individual instruments. Where it is not practicable, for some instruments or some sectors, indexes can be used. Yet, they may be the source of miscalculation where these indexes would not reflect exactly the structure of portfolio for some sectors. Distortions could be not negligible.

3. Recommendations

1. The publication of data recorded as other flows, in priority under the form of revaluation effect, is strongly recommended. As other flows are largely used for estimating financial transactions, mostly derived from changes in stocks, no argument about their quality should be opposed.

2. Consistency checks should be undertaken in the form of comparison with other statistics whenever possible. The "economic plausibility" of financial transactions / stocks and other flows, globally and especially by sector, should be closely examined. International comparison should be carried out in order to insure that any strong deviation from general trends in markets is fully explained by clearly identified economic and financial factors at the domestic level.

3. In case of high intra-annual volatility in the price of financial assets, the calculation of revaluation effects for the whole year should be based, as much as possible, on a shorter frequency of estimations in order to increase accuracy of data.

ISSUE N° 4
Consolidation

1. The issue

ESA95 states in 1.58 that "as a matter of principle", flows and stocks between units classified within the same sector or sub-sectors are not consolidated, meaning that transactions occurring between them and reciprocal assets and liabilities are not eliminated. However, for macro-financial analysis it is clearly relevant to focus on consolidated figures. Thus, in the official transmission programme of financial accounts (flows and stocks), Eurostat asks for both consolidated and non-consolidated data without any order of preference.

Specific rules, agreed by FAWP, 19-20th October 2000 and 5-7th December 2010, were provided on purpose. (See annex)

A full consolidation is highly demanding concerning the needed information. Compilers must be in a position to get for each instrument the information on the counterpart sector or sub-sector according to the ESA95 sector classification. Thus, coverage may be partial.

Comparison between countries shows that the effect of the consolidation on data is quite various. This may reflect the variable degree of integration within sectors but it may also stem from difference in data available both for non-consolidated and consolidated data. In some cases, basic information on a sub-sector (or a group of units) is already on a consolidated basis, whereas it is not the case for the corresponding sub-sector in other countries. It may be a problem for international comparisons.

2. Additional input by national experts

Some countries are not yet in a position to cover all instruments and sectors on a consolidated basis. The picture is however rather various, due to a large diversity in sources of information.

Main difficulties concern non-financial corporations for reciprocal holdings of shares and loans. They can be rather significant, with an impact on the quality of consolidated basis where it is not possible to eliminate them.

Identification of sub-sector counterpart within financial institutions and general government sectors is not possible, or only partial, in some cases.

Lack of information for reciprocal positions within households sectors is rather general. However, all participants agreed that the amounts of direct loans between these units are generally rather limited and, therefore, have a small impact on non-consolidated data.

Problems were also pointed out for other accounts receivable/payable for which the counterpart information is frequently rather limited.

3. Recommendations

1. As much as possible, for comparability reasons, non-consolidated data should be based on a complete picture of all financial transactions and financial assets and liabilities in the balance sheets of units classified under the same sub-sector/sector, independently of the nature of the counterpart. Therefore, basic information should be preferably only the aggregation of data for individual units.

2. The accuracy of the consolidation process should be assessed in order to achieve a more complete, both for instruments and for institutional units. Priority should be given to sub-sectors within financial institutions and general government. Special attention should also be given to relations between non-financial corporations.

3. In principle, financial accounts should rely at the maximum extent on direct information (including counterpart information as it is generally the case for bank deposits and loans). However, in order to improve coverage of consolidated data (and to avoid including non-consolidated data in presumed consolidated data), the process of consolidation could be based on some assumptions (use of partial information, experts' opinion, etc.), where no significant improvement in usual sources of information may be reasonably expected in short delay.

4. Annex - Rules to be applied for Consolidation of Financial Accounts Data

1. Consolidation rules apply at the level of the sector and the sub-sector:

   Sector level: all transactions and stock positions between institutional units within the boundary of the sector are eliminated.

   Sub-sector level: all transactions and stock positions between institutional units within the boundary of the sub-sector are eliminated. This means that transactions or positions of institutional units in the sub-sector with institutional units outside of the sub-sector concerned are retained.

2. It will clearly follow that the sum of financial assets/liabilities and financial transactions over the consolidated sub-sectors accounts does not necessarily equal the financial assets/liabilities and financial transactions for the consolidated sector accounts. The sum will be equal only in case of no transactions and positions between sub-sectors, but will be higher in other cases. This is also the case for the consolidated sector S.1 (Total Economy) which should mirror the sector S.2 (Rest of the World).

3. It can be noted that the balancing items (net lending/net borrowing) still add across for the sub-sectors and equal the sector total. Moreover, they are identical with the balancing items in the non-consolidated accounts.

4. Terminology and simplified example:

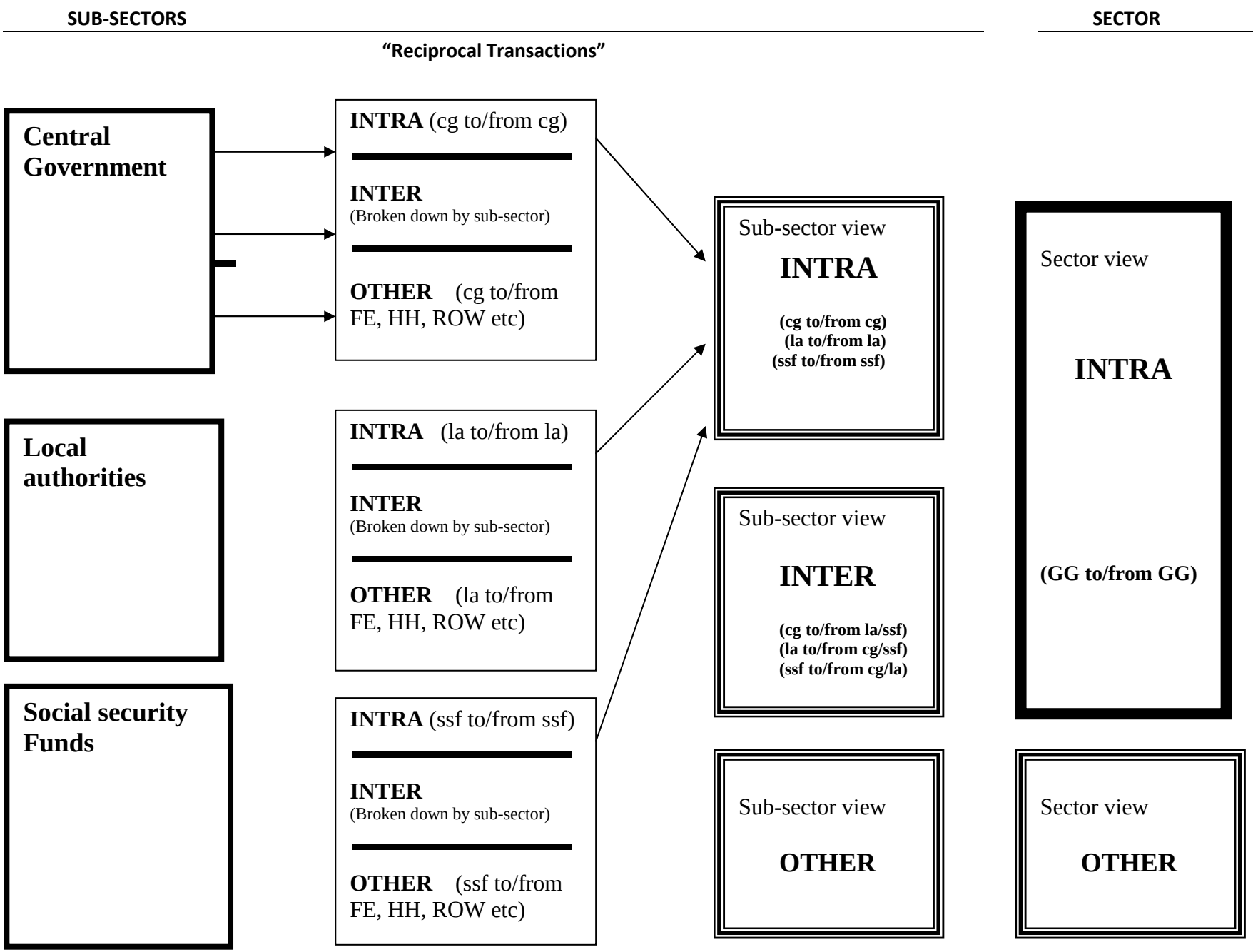
The following graphic introduces a series of terms and explains what is meant by ‘intra’ and ‘inter’:

- ‘Intra’ indicates that it is the relationships within a named sector or sub-sector that are being referred to.

- ‘Inter’ refers to flows or positions between sectors or between sub-sectors that are referred to.

In both cases the context or position within the range of sectors or sub-sectors must be known to correctly specify the set of relationships subject to the discussions. (This context is shown most efficiently in the attached figurine.)

The figurine, and later example, takes the General Government sector as a single main example. It is emphasised that this is for illustrative purposes and that the principles outlined apply to all ESA 95 sectors or sub-sectors.


SUB-SECTORS
SECTOR
"Reciprocal Transactions"
Central Government
Local authorities
Social security Funds
INTRA (cg to/from cg)
INTER
(Broken down by sub-sector)
OTHER (cg to/from FE, HH, ROW etc)
INTRA (la to/from la)
INTER
(Broken down by sub-sector)
OTHER (la to/from FE, HH, ROW etc)
INTRA (ssf to/from ssf)
INTER
(Broken down by sub-sector)
OTHER (ssf to/from FE, HH, ROW etc)
Sub-sector view
INTRA
(cg to/from cg)
(la to/from la)
(ssf to/from ssf)
Sub-sector view
INTER
(cg to/from la/ssf)
(la to/from cg/ssf)
(ssf to/from cg/la)
Sub-sector view
OTHER
Sector view
INTRA
(GG to/from GG)
Sector view
OTHER

Example: Cash deposit – assets	CG	LA	SSF	GG	Notes
Deposits held (non-consolidated)	**100**	**70**	**30**	**200**	
Analysis by Sub-sectors and by counterpart location					
Central Government – intra transactions	40				Transactions with other institutional units in CG
– inter transactions (broken down by sub-sector)	5				Transactions with units in LA, SSFs
– other	55				Transactions with units outside of GG
Local Authorities[7] – intra transactions		10			Transactions with other institutional units in LA
– inter transactions (broken down by sub-sector)		25			Transactions with units in CG, SSFs
– other		35			Transactions with units outside of GG
Social Security Funds – intra transactions			0		Transactions with other institutional units in SSF
– inter transactions			5		Transactions with units in CG, LAs
– other			25		Transactions with units outside of GG

ESA 95 – Consolidated Results for the sub-sectors	CG	LA	SSF		
'intra' transactions (from perspective of sub-sector)	**40**	**10**	**0**		For the sub-sectors, we remove the transactions or positions with units within their own sub-sectoral boundary i.e. intra transactions

[7] For simplicity, we assume no State sub-sector in the example.

= ESA 95 Sub-sectors	**60**	**60**	**30**		
ESA 95 – Consolidated Results for the Sector (GG)					Remove the 'inter' sub-sectoral transactions – these are 'intra' for GG)
– inter	5	25	5	**115**	

ISSUE N° 5
Use of Balance of Payments data in financial accounts

1. The issue

ESA95 states in 1.07 that "like the SNA, the concepts in the ESA are also harmonised with those in the major international guidelines on some other economic statistics, in particular the IMF Balance of payments Manual (BPM)…"

However, this harmonisation requirement does not necessarily imply that the measurement of concepts should be fully similar both in ESA95 accounts and in BOP accounts. In addition, it seems that this harmonisation has been reached only at a rather global level, as classification of both units and instruments is more detailed in ESA95. (Some changes foreseen for the euro area BOP in the next few years may contribute to achieve further convergence.)

A first issue is to look at the difference in using BOP statistics for the compilation of financial accounts, whatever the institutional relationships between FA and BOP compilers that can be very close in some cases (same department in the Central Bank). Are BOP data used totally, partially or not at all? As well known, the sector and instruments classifications in BOP are not fully on line with financial accounts. How is this gap filled up? Although valuation principles are broadly consistent in both statistics (generally speaking, marked-to-market prices should be the reference), some valuation methods applied in practice may not be fully consistent. When other sources are used for external transactions and positions, is there a tentative reconciliation with BOP?

Another point is to stress on some deviations between both sets of accounts, concerning instrument, recording of transactions (as direct sources in BOP and as "derivation" in FA), accrued interest i.e. debtor/creditor approach).

A final issue is the problem of BOP adjustment that may be rather large and can be treated under different ways in financial accounts

2. Additional input by national experts

Sector classification is more detailed in ESA95 than in BOP Manual but it does not seem to be a problem in most countries for two reasons. First, frequently, BOP compilers ask for a complete sector breakdown or will ask in the next future. Second, where this classification is not sufficient, counterpart information from Money Banking Statistics is frequently directly used. However, in this case, additional information must be found for some units (mainly non-financial corporations) for the direct transactions with non-residents they can carry out. It is also the case for securities. Some difficulties were mentioned for the classification of some units that may diverge in BOP from national accounts. However, these cases seem to be rather infrequent.

Concerning the instrument classification, the concept of Foreign direct investment, "central" in BOP and only as memorandum item in FA, is not a source of difficulties as BOP generally

provides additional details i.e. equity capital, reinvested earnings and other capital (mostly intercompany loans).

On the contrary, problems appear for "other accounts", and notably "trade credit and advances" for which the compilation is often "weak" (or only based on estimates) in the BOP. On this point, countries show a rather large diversity.

Insurance technical reserves are also information that cannot be provided directly from the BOP compilation. It must be added from other sources.

Concerning the valuation of stock data, there might be some divergences in the way conceptual rules are applied in practice, notably for items included under FDI). However, this problem is very various between countries.

Concerning accrued interest, countries show different situation related to the information provided by Balance of payments. Sources of difficulties that were frequently mentioned is the uncompleted coverage for some instruments (notably for holdings of foreign securities by residents) and the divergence of estimation of accrued interest, with a particular effect for discounted instruments, as it may notably change the split between interest (income) and nominal holding gains. However, this latest problem is not exclusive for BOP but rather a general problem in the compilation of accrued interest figures.

Participants confirmed their concern about BOP adjustment that is generally large. In some cases, it is included as such in Financial accounts without any correction, its counterpart being shown mainly in non-financial corporations and households. In other cases, BOP data are adjusted in order to preserve the whole consistency of financial accounts.

3. Recommendations

1. No deviation should appear in the concept of residency. Therefore, the classification of units should be exactly similar and any critical issue should be discussed by both compilers, coming to a common solution.

2. The difference in methods for estimating accrued interest (debtor or market approach) should give rise to new discussions for harmonisation. Anyway, data from BOP should be adjusted when used for Financial Accounts where they do not comply with the ESA95 rules[8].

3. As much as possible, as shown in some countries, BOP compilers should take into account, also taking the opportunity of any changes in their reporting system, the specific needs of financial accounts concerning classification issues. This is deemed preferable to an approach where financial accounts compilers try to complete BOP by using additional sources with an effect on final consistency and quality of financial accounts.

[8] However, differences in estimating accrued interest is not a problem as long as a country is able to record accrued interest according to ESA 95 rules.

4. Delay in compilation of International Investment Position is generally too long for the timetable of financial accounts compilation. It means that annual data first published for a given year are significantly revised in subsequent versions. Compilation on a quarterly basis or provisional compilation on consistent basis should therefore be encouraged.

5. The specific needs of financial accounts must absolutely be considered as output requirements in revising, or designing new BOP collection systems. The feasibility and incidence of possible use of alternative sources should already be closely examined.

6. Besides this, one should seek a better reconciliation between the functional approach of the BOP and the instrument approach of ESA 95.

ISSUE N° 6
Recording in ESA95 conversions of unquoted shares into quoted shares

1. The issue

The topic is what transactions to record when a previously unlisted company becomes listed in a stock exchange, so that the existing stock of unquoted shares is transformed into quoted shares (and vice versa, from quoted to unquoted).

2. Additional input by national experts

In the course of various discussions two different statistical treatments have been put forward: (a) to record "other flows"; (b) to record "financial transactions". The recording into "other flows" follows from the observation that no funds are transferred when the conversion of shares takes place. The recording into "financial transactions" takes as its starting point a suggested similarity with two cases explicitly dealt with in ESA95: (a) securities resulting from the conversion of loans; (b) debentures and loan stock convertible into shares. These two cases are treated as the liquidation of the previous financial instrument and the issuance of a new financial instrument (ESA95: paragraphs 5.62k and 5.62l). It was felt that this second treatment would have required a future amendment of the current ESA95.

Most national representatives expressed a preference for the recording of this case into "other flows".

Starting from this choice, it has then been investigated which category of "other flows" is the most relevant one. The general heading to be considered is clearly "other changes in volume" (ESA95: paragraph 6.15). Within it two categories are possible candidates: (a) other volume changes in financial assets and liabilities n.e.c. (K.10); (b) changes in classifications and structure (K.12). Category K. 10 is defined as a residual, hence only category K. 12 is to be analysed.

The applicability of category K. 12 rests on the meaning that is to be given to the expression "change in classification". This expression may in fact mean two quite different things: (a) nothing has happened in the economy, but a statistician re-examines a previous decision about the classification of a financial instrument, or an institutional unit, and opts for a reclassification; (b) something has happened in the economy, and a statistician is led to operate a reclassification.

ESA95 is not clear on the exact meaning of the expression "change in classification". However an example is given. It concerns an institutional unit previously classified in the household sector that becomes a quasi-corporation, and has to be reclassified in the corporations sector (ESA95: paragraph 6.30). In this case it is clear that the reclassification is due to a change that has taken place in the economy.

Summing up, the category “changes in classifications and structure (K. 12)” is the relevant one. As in ESA95 this category is further subdivided in two sub-categories, the one to use is “changes in classification of assets and liabilities (K12.2)”.

3. Recommendations

1. The conversion of existing unquoted shares into quoted shares should be treated as “other flows”.

2. The relevant category of other flows is “changes in classification of assets and liabilities (K12.2)”.

ISSUE N° 7
Selected questions on instruments and units classification

1. Instruments classification

Borderline cases in instruments classification

1. The issue

ESA95 provides rules for classifying instruments within the different main categories. It is the case for the distinction between deposits and securities (5.59), but mentioned only for short-term securities, between long-term securities and long-term loans (5.64), based on negotiability. ESA95 states that compilers should look at restriction in practice concerning the negotiability of the instruments. This criterion is also used for the classification of saving certificates not recognised as securities but as other deposits F29 (5.47).

There are also general provisions about the distinction between deposits and loans (based on initiative) and between loans and securities (based on "documents" and "degree of marketability", in 5.77).

ESA95 includes also some conventions, as in 5.75 for monetary financial institutions of which short-term liabilities take the form of short-term deposits and not of loans.

Some other issues can be raised concerning the classification of instruments. For instance, the possibility for other sectors than S12, S13 and S2 to manage deposits, as 5.49 is not restrictive on this point.

The treatment of funds in transit between financial institutions (deposits or other accounts) seems unclear.

The identification of categories of mutual funds has also an impact on their classification within the sub-sectors.

Finally, it may exist at a domestic level some specific instruments that are difficult to classify.

2. Additional input by national experts

There was no mention of big difficulties raised by very specific domestic instruments that could not be analysed and classified on the basis of ESA95 criteria that seem to be sufficient. As a result of development of financial markets, some of the "traditional" saving instruments have declined significantly. Under these conditions, all countries are in a position to implement the classification in a quite homogenous way, without effect on comparability of data.

The case of deposits of guarantee between non-financial agents received special attention. In some cases they are treated as loans and not as other deposits, in particular where these deposits bear interest.

3. Recommendations

1. A definition of marketable instruments should be based on "objective" features of the instrument and not on an assessment on the "negotiability in practice" that could be observed on its possible market. It seems rather difficult to "draw" the borderline for an acceptable degree and it could affect seriously the comparability of data.

2. The classification should be based on "family" of instruments, recognised as such on markets, and not a split within these categories for statistical purpose (for instance "tradable bonds" and "not traded bonds").

3. All instruments that are not theoretically tradable should be classified under F29 "other deposits" or F4 “loans”, depending on who takes the initiative: the creditor or the debtor.

4. "Securities other than shares" should include only instruments that might be transferred to another holder at a price different from their nominal value, this feature being clearly mentioned at time of issuance. The fact that some financial intermediaries may carry out transactions at request should be considered as a marketability criterion, even the effective realisation of transactions may need some time and could be rather costly.

5. Considering the treatment of similar deposits in financial institutions, it should be recommended to consider deposits of guarantee preferably as other deposits.

Financial leasing

1. The issue

Financial leasing is a significant innovation in the new system of national accounts (and in the new Balance of Payments Manual).

A major issue stems from difficulties in separating financial leasing from operating leasing. The Eurostat Manual on government deficit and debt provides different criteria (see annex in Part IV) in order to make a clear distinction between the two kinds of leasing. As already mentioned for other issues, they can apply to other units. It is notably based on risks carried out by the lessor or by the lessee. However, it requires information included in the contract, which is frequently not easily accessible.

Another issue is the splitting within settlements between interest payments and redemption of principal.

2. Additional input by national experts

Information is based on data from financial institutions specialised in leasing (through surveys or supervision documents) and/or from surveys on non-financial corporations, as users. Direct information is also frequently available for General Government. Thus, the coverage seems generally quite complete.

Difficulties in splitting operating/financial leasing were confirmed by several participants. There is an obvious problem on this point. Basic sources of information may not include this distinction or the split made by operators or users may not totally be in accordance with ESA95. Under these conditions comparability of data is affected.

3. Recommendation

Considering that transactions in financial leasing are currently developing in most countries at a high growth rate, it seems imperative to improve the collection of data and notably the split between operational and financial leasing. The effect on financial accounts may be significant. Priority should be given to ESA95 criteria based on risks for the different parties. In frequent cases surveys method seems to be the most adequate solution.

Traded loans

1. The issue

In ESA95, secondary trade in loans is covered by paragraphs 5.62j, 5.62k and 5.79.

As a basic statement, when a loan is converted into a security (as for the case of "Brady bonds" applied to banking debt of some developing countries since 1989 onwards), the new securities are negotiable instruments. There are two subsequent transactions in the financial account: one for the redemption of the loan and the second for the issuance. A capital transfer may possibly be recorded if a part of the original debt is cancelled.

More generally, ESA95 specifies in §5.79 that “where a loan becomes negotiable on an organised market", it must be considered as a security, and thus valued at market price. In paragraph 6.62j, ESA95 evokes the case of loans "that has become negotiable de facto", with the meaning that they are traded on such a market. However no definition is given for an organised market.

Different interpretations are possible. One could be that the loan is traded several times and not "incidentally", or could be traded at the request of any part because some financial institutions are used to be counterpart. It could also be considered that only one transaction makes a loan tradable (notably where the transaction value is different from the face value), meaning that a market valuation should be used in the balance sheets.

2. Additional input by national experts

All participants agreed that there was no problem where loans are transformed into securities. In this case, ESA95 is very clear about the way of recording such transactions.

It was also stressed that two cases should be clearly separated. The first one concerns trading loans without any change in the legal commitment for the debtor, meaning that the value of principal and other features of the loan remain identical. The second is for the case where there is a change in the present value of the loan, so that the total burden of borrowing is reduced, which must be reflected in a new principal amount, giving rise to transfer.

It was also mentioned that currently this issue does not seem significant for non-financial resident sectors. Except under "securitisation" process (which raises no conceptual question under ESA95 framework but may be the source of practical difficulties in collecting data in some countries where information is not easily available or/and ad-hoc vehicles are not under the normal supervision schemes), trading loans to these agents is very infrequent and is generally linked to reclassification between financial institutions. Under these conditions, it is difficult to argue that an existing organised market implies a minimum frequency of transactions.

Concerning loans to non-residents, transactions in international bank loans are rather infrequent currently, as a large part of the debt to developing countries has been transformed into securities ("Brady bonds") and due to the improvement of the situation of large indebted countries. Meanwhile, the main international debt problem tended to concern "high indebted poor countries", for which a specific initiative has been launched in 1996. Government sector is mainly involved in this question. No trade in such loans is observed.

3. Recommendations

1. The notion of "organised market" should be considered in a rather restrictive way. The negotiability of the loans should be recognised only in case of frequent transactions and of easily and meaningful observed pricing. These loans should be considered as securities, their prices depending on change in interest rate and borrowers' rating, as it is the case for some compartments of bond market.

2. For transfers of loans with no change in the original form of the instrument, financial transaction must be recorded at the effective price but the amount of principal must be recorded in the balance sheets, with an adjustment in the revaluation account. However, in case of mutual agreement on a partial cancellation, a capital transfer should also be recorded and added to the value of the transaction.

Insurance Technical Reserves

1. The issue

Concerning the valuation of ITR (AF.6), ESA95 makes a clear difference between:

- net equity of households in life insurance reserves where "the present value of the individuals' actuarially determined claims to the payment of capital or income" must be used (§7.58)

- net equity of households on pension funds reserves where the valuation depends on the nature of the liability of the funds (§7.59) as, in case of "defined pension scheme", the present value of promised benefits is used and, in case of "money purchase pension schemes", the current market value of the funds assets is used.

Concerning the "prepayments of insurance premiums and reserves for outstanding claims" (AF.62), ESA95 states that the proportion pro rata temporis of premium or present value of amounts expected to be paid must be recorded. (§7.60)

These provisions raise a set of questions about the relevance of the above-mentioned distinction in Member States, the collection system of information, and the valuation at current prices or present value.

There are also, in case of with-profit life insurance, questions about the treatment of profits assigned to police holders and also the inclusion in reserves of holding gains as stated in ESA95.

Finally, the links with the European Insurance Statistics Co-ordinated Framework should also be considered, as a source of information or a "competitive data" possibly used for checking.

2. Additional input by national experts

First, some participants stressed that in some countries very important amounts were recorded in ITR as a big part of investment of households saving.

Secondly, the general picture shows still a large variety in countries, notably concerning legal rules on attribution of results (including part of revaluation gains) to households. In some countries full-accrued value of reserves is considered as revaluation but in other a part is rightly considered as earned income and integrated in the non-financial accounts. In addition, currently, some countries have no experience on pension funds, as all retirement schemes are classified under Social Security activity.

Third, financial account compilers do not seem to face great difficulties in obtaining the relevant information. The sources are rather complete and are essentially provided by specific official bodies (or bodies in some countries) in charge of supervision or from professional information. Generally speaking, coverage for this sector is considered as quite good. Quality is however variable. A problem, already mentioned, is the question of reserves held by residents in foreign insurance corporations that are not recorded through balance of payments.

For a majority of participants, the current corresponding amounts are considered as rather small (insurance services are performed mainly through local affiliates and not directly across borders). However, it cannot be assumed that this shortcoming could be more significant in the near future, taking in account the huge developing market integration. In addition, even currently, such cross-border transactions in ITR are not at all negligible for some countries.

The main difficulty comes in fact from long delay for data availability. A correct recording is only possible after a period time that seems currently too long. Under these conditions, first annual financial accounts are often based on estimates of low quality, implying subsequent significant revisions.

Rules of valuation, at market or present value, seem to be generally respected, as there is a similar request from supervisory authorities.

3. Recommendations

1. Special attention should be given to technical reserves held abroad, as they are normally not covered by domestic supervisory sources. A specific recording procedure for direct cross border transactions and counterpart information should be implemented based on surveys or estimation methods. The possibility of using international or European co-ordinated statistics should also be considered under the form of exchange of information.

2. Efforts should also be made for the reduction of delay for reliable sources of information, notably by the way of using quarterly sources when available and fully consistent with annual data.

2. Units classification

Holding companies

1. The issue

A first problem is relates to the general definition in ESA95 paragraph 2.14 that is based on the notion of control. The latter is defined in 2.26 and states a condition of holding more than half of the voting power. However, it may be difficult to identify the effective degree of control when access to information is limited. It is notably the case for unlisted companies that are not required to provide regular and complete information on market. Some countries have implemented databases on inter-companies links but the coverage is generally not exhaustive. Thus, some units may be classified in a wrongly.

A second problem is allocating such holdings into one sector or sub-sector in accordance with ESA95 rules. They are given in 2.23e (in non-financial corporations), 2.43 (classification within "other financial institutions" as a general rule with the exception of the case of financial corporations), 2.52 (case of other monetary financial institutions), 2.55h (like 2.43), 2.59 (case of financial auxiliaries) and 2.63b (case of insurance companies). Again, detailed data are necessary. Basic sources of information (portfolios of shares) may be based on other criteria.

In addition, Eurostat has introduced specific rules for some public holdings that are to be classified within General Government sector (see ESA95 Manual on government deficit and debt) but it concerns very specific cases that, normally, are well known by compilers.

2. Additional input by national experts

Many participants expressed difficulties to comply with the ESA95 rules.

Information on voting power is effectively often not available or only partially. Control is in fact often estimated on the basis of share in equity capital. In addition, cases of effective control (meaning determining the general strategy of the unit, as mentioned in ESA95) with less than 50% of shares is very frequent. Nevertheless, it is very infrequent to observe holding companies that would hold only minor participation and that would rather be considered as mutual funds.

It is also difficult to get all the information that would be necessary in order to classify correctly these units within the sectors and sub-sectors. Notably, data on value added may be not available. The rationale of the ESA95 classification was also questioned, with participants expressing their preference for a classification in a single sub-sector.

Thus, where a holding company has not an identified status of financial institution (taking into account the relevant sub-sector), it cannot be taken for granted that the allocation is correct. In some cases, all holdings identified as such are put in the same sector, S.123 (OFIs). At this stage, it is difficult to infer that there are strong effects on the comparability of data.

3. Recommendation

It seems important to comply with the current rules stated in ESA95. Any specific deviation at national level could have an impact on the comparability of data. Use of business register or specific surveys may be a source of significant improvement in the reporting system.

Financial auxiliaries

1. The issue

The classification of financial auxiliaries under the S12 sector is an innovation in the new system of accounts. Although these units are not carrying out directly financial inter-mediation, they are considered as part of financial institutions because they technically contribute to achieving financial transactions.

A list of units to be included in this sub-sector is provided in 2.58. A main point is its very heterogeneous nature. In some cases the definition of activities is rather vague, for instance concerning the provision of "infrastructure for financial markets." It may be interpreted in a broad or narrow sense.

As a result, sources of information are necessarily very various.

Another difficulty stems from the distinction to be introduced between security and derivative dealers for own account considered as OFI, from those who are "pure" intermediaries. Both activities may be mixed and the difference not shown in basis information.

2. Additional input by national experts

The situation among Member States seems rather diverse, based on surveys and for some activities on regulatory sources. The delays are also frequently high. It is clear that recording in an exhaustive way data for this sub-sector needs significant efforts that could be considered as disproportionate with the effective amounts of involved data.

In particular, the population of units is very highly unstable, due to intensive competition, restructuring, financial innovation, access to markets, etc. It means that at each compilation, the list of units should be revised permanently (with, in theory, an entry in the other change in volume account).

As a result, current data are not fully comparable between countries.

Several participants describe their particular practice concerning dealers. Some rely on supervisory rules that make a clear distinction between both categories. Others take into account the nature of financial assets involved in the transactions.

However, participants confirmed that data in financial accounts should be small as these units are essentially providers of services or are active on markets only on behalf of their customers. It is notably the case for balance sheets as direct holding of financial assets is rather limited. It is the reason why shortcomings in collection of data are not considered as

having a big impact on the meaning of financial accounts, even if most countries should still try to improve their collection methods. Therefore, generally, the issue is not seen as very crucial.

3. Recommendations

1. Where the splitting between the two kinds of dealers is not available or would be very difficult to realise on reliable basis, preferably all dealers should be classified within S.123 as OFIs

2. Compilers should be aware that no significant amount should be normally recorded in financial data set for the sub-sector financial auxiliaries. Under these conditions, significant amounts compared to other countries or a big change in the size of the sub-sector should give rise to close consideration.

Guarantee funds

1. The issue

The activity of giving guarantees is not considered in ESA95 as financial inter-mediation, as defined in 2.33 ("acquiring financial assets and incurring liabilities on own account"). In the system guarantees are "contingent assets" as financial transactions take place only if one or several conditions are fulfilled. Therefore, units specialised in this activity should be normally classified within the sub-sector "financial auxiliaries".

Among these funds, some units are controlled by Government and moreover are mainly financed by it. Government provides all resources that are needed in case of call of guarantees. It does not imply that these units have a government status, depending on domestic legal context. However, these funds should be reclassified within General Government sector as they have an obvious and recurrent effect on government finance.

2. Additional input by national experts

In most countries guarantee funds are generally classified within financial auxiliaries, as they do not act directly as financial intermediaries, according to ESA95 2.33, but contribute to carry out of financial transactions, notably making the creation or the circulation of financial assets easier by increasing safety of transactions and reducing risks for issuers or holders.

In addition, paragraph 5.58j seems to cover a large number of such units, notably in the case of funds set up for the protection of depositors. From a general point of view, a great number of guarantee funds are closely linked to financial corporations and can be considered as "servicing" them.

However, there seems to be various treatments among countries for institutions that have very similar activities. It may happen that such funds are considered as non-financial corporations.

There is a clear need for further harmonisation on this point.

Another problem is to make a clear distinction from insurance activity that can have a very close result for economic agents as they would receive some compensation in case of occurrence of some events. It is obviously the case where non-financial transactions are covered but some financial transactions (as loans to households) may be completed by specific insurance contracts. In this specific case, a basic distinction could be that such insurance is based on strictly individual features whereas a guarantee fund takes into account the global situation for a group of units concerning some specific financial transactions.

3. Recommendations

1. From a general point of view, guarantee funds, in a strict definition of the term, should be classified preferably as financial auxiliaries.

2. Guarantee funds should be classified within General Government sector, regardless their legal status, where their resources are mainly provided by government units that, in addition, have a strong influence for fixing the conditions in which the guarantees are granted.

ISSUE N° 8
Practical Issues on Accrued Interest

1. Introduction

In 1998-1999, a special Task Force was organised by EUROSTAT in order to examine some specific issues concerning accruals for interest, especially in the case of financial instruments issued by General Government. Indeed, ESA95 was considered as incomplete or too general concerning the implementation of what is seen as a main change in the new system of national accounts.

FAWP and CMFB approved the results of the work undertaken by the Task Force. They were included in part III of the "ESA95 Manual on government deficit and debt", a first edition being available in June 2000.[9]

Although the Task Force focused mainly on government financial instruments, it was clear that the conclusions would be applied to all sectors, since there is no reason to state specific treatments in the case of General Government, contrary to other issues treated in the Manual.

As a reminder, there was first an agreement on some general rules, as follows:

- "full coverage" (any instrument bearing interest)
- "debtor approach" (using interest rate prevailing at the time of the creation of financial instruments)
- flexibility for method of calculation (both simple and compound formula are acceptable)
- reinvestment of accrued interest under the instrument (where ESA95 gave a choice)[10]
- single treatment for discounts (where ESA95 made a distinction based on significance)
- arrears of interest kept under the instrument (for conceptual and practical reasons)

Second, the Task Force came to recommendations related to specific features of instruments (notably floating rates, fungible bonds, saving premium, index-linkage, stripping), instruments denominated in foreign currencies and some transactions, as early redemptions.

During its work, the Task Force dealt with some implementation questions, some having an impact on the final solutions. Thus, no mention of these implementation issues was made in the final version of the Manual.

---

[9] A second edition of the Manual will be published at the end of 2001. No change is planed for accrued interest.

[10] However, accrued interest may be identified under a specific item within the categories of instruments that are concerned.

Recording accrued interest may however be a source of difficulties in the process of compiling financial accounts, both for their estimation (very often under the responsibility of FA compilers) and for their impact on financial transactions and assets/liabilities stocks.

The following issues were discussed within the Task Force on Sources and Methods in May 2001. There were considered as the main ones worth being examined.

2. Issues on the calculation

In order to get the best estimates of accrued interest, compilers need some precise information, notably: the yield prevailing at the time of issuance (taking into account the issue price where it is not at par) and the effective remaining outstanding amounts (considering any exchange or early redemption). For each period of compilation, a relevant rate applied to an exact average stock is to be known. Otherwise, there is a risk that the effective payment of interest would not fit the reinvestment of accrued interest in the financial account. Some "false transactions" would appear. Consistency between flows and stocks would be affected.

Concerning securities, all the information may be provided by security-by-security databases that usually record all the features relating to each individual security. These bases may be restricted to securities issued by residents. These databases would be very useful for the calculation of accrued interest since, according to the "debtor principle", the relevant information relies on the liability side of balance sheets. However, for foreign securities held by residents, there is also a need to get reliable information, which could be given by such individual databases.

This kind of databases may be very costly, requiring a permanent, quick and complete maintenance, notably where markets are particularly active, with a very large number of issues for several types of negotiable debt instruments. A comprehensive coverage is thus expected in only a few European countries. Generally, short-term instruments (CDs, commercial paper) are more difficult to include, even in the case of General Government. In addition, for the latter, some sub-sectors are generally not or partially covered, as local government units. It must be stressed that a large coverage may be achieved without large-scale databases if they focus on the larger outstanding amounts of securities and the more significant volumes of transactions. There is generally a rather strong concentration on these markets. Consequently, individual database could be set up firstly for securities issued by General Government.

For compilers managing their own database (or at the level of the institution they belong to, for instance Statistical Institutes or Central Banks) may be seen rather preferable. However, in some cases and at least for some data (as with the original features of the securities), they could use "external" databases set up for other purposes. The latter may be private and some specialised international firms offer such services. They could be used in the case of securities issued by non-residents in order to make reliable estimates of accrued interest for holdings by residents.

Where a detailed database is not available, compilers must provide reliable estimates from other sources of information as surveys, regulatory data, market publications, profit and loss accounts, etc. Only global figures may be provided. It seems important in this case to try to

compile at a sufficient level of detail, distinguishing for instance the main categories of securities, where specific features have an impact on the results (the currency used for denomination, the spreads, etc.).

From a general point of view, for securities, compilers should get a reliable "idea" about the average time elapsed since the instruments were issued in order to apply to relevant stocks (assumed to be correctly known) a rate prevailing at this time. It could be derived from the actual market rate with the delay resulting from this average time. Implementing this kind of "time-adjustment" method would be rather easy.

Information must be permanently updated as market conditions sometimes may suddenly change, affecting significantly the average period. Strong variations of issues (in amount and within a period) could lead to under-estimating or over-estimating effective interest and so the exact cost of borrowing could not be estimated.

The question of discounts also seems to raise some accuracy problems, when discounts cannot be followed on an individual basis.

→ *Use of security-by-security database is largely spread among Member States but coverage is in fact very diverse. At a minimum, long-term central government securities are available on this basis. Enlarging use of such database is therefore strongly encouraged, at least for covering main issuers on the markets. However, although national experts stressed that for some instruments and sectors accrued interest is estimated on the basis of rather global assumptions, it has to be noted that there does not seem to be a significant impact on the accuracy and quality of data.*

3. Issues related to some instruments

In the case of fungible bonds, discounts (or premiums) are a basic feature of these instruments. It was assumed that all information could be available, even where no database including each tranche is available. The reason was that issuers of such bonds are in a rather small number and largely concentrated in General Government sector. In most countries, it is a technique used by the State. Information is normally available through market releases and compilers should be in a position to identify the rate of interest to be applied from the liability side, possibly in the form of a global weighted average discount/premium.

For strips, a conclusion of the above-mentioned Task Force was that accrued interest would continue to be calculated on the basis on the underlying bond, since in most cases it should be possible to identify it.

Concerning short-term securities, coverage in individual databases is likely to be partial. Except for Central Government, whose Treasury bills generally represent a main vehicle of transactions on money markets. Accrued interest would be calculated by applying an estimate rate on the average relevant outstanding during a period. Exact references and spreads could be determined through reliable surveys. There is a crucial point on stocks. As the maturity of a large number of these instruments is less than three months, stocks cannot be determined only as the average between two end-year points or even two end-quarter points. A sudden and short increase of issues within a period could lead to an underestimation of accrued interest.

For floating rates, one specific problem is to measure the level of exact spreads according to the issuers' quality. Using only money market reference, usually based on lowest risks (as first ranking banks) would not be relevant since spreads are often rather large. This information may be available through surveys or different market sources. In addition, cash payments could be a good proxy for accrued interest, notably since floating rate bonds are mainly set on a quarterly basis.

Other difficulties could stem from treatment of specific instruments, index-linked bonds (notably with reference to shares prices), saving certificates (in case of specific arrangements for availability of interest), instruments with premiums under holding conditions (due to assumptions on holders' behaviour), etc.

As regard to loans and deposits, a great number of references may be used, with a large range of spreads due to the quality of debtors/creditors and various payment practices for interest. In addition, in the case of some loans, the rate can float only under the condition of a minimum change in the index and within specific upward limits. Individual information is not available and in this case only global information can be used provided that relevant categories of loans or deposits are clearly distinguished where any specific feature would have a significant effect on the amount of interest.

Assuming that principal amounts are correctly recorded (at nominal value) and that reliable information is available for other flows (for change in exchange rates and other change in volume), from various other sources, it could be possible to check the quality of estimates relating to accrued interest on loans and deposits. Any difference between the change in stocks corrected by other flows and the transactions could mean that a part of the reinvestment of accrued interest has not been offset by actual payments. An adjustment could be recorded both in the property income and in the financial account.

→ *From a general point of view, there was no mention of strong difficulties regarding the above-listed instruments. Compilers consider that they get sufficient information (except in some cases which seem to have only marginal impact on total figures) since a very predominant part of instruments issues do not need specific rules.*

However the treatment of some specific instruments, notably issued by private sector, should be checked in order to assess that it complies with the provisions.

Concerning loans and deposits, for financial institutions, information is usually available in the reporting system used for these units and is considered as quite reliable. Information from Mutual Funds is in most cases of satisfying quality.

Thus, countries that still encounter difficulties on some instruments should take advantage of successful compilation experience in several countries and carry out works, including bilateral contacts, in order to examine in which conditions some transpositions could take place.

4. Issues concerning the allocation of accrued interest between holding sectors

In the compilation process, the first stage is to determine the amount of accrued interest from the point of view of the debtor, on the basis of their liabilities, according to the above mentioned methods. On a second step, this amount is distributed between the relevant counterpart sectors. Finally, accrued interest on financial assets managed or issued by non-residents and held by residents has to be estimated.

It raises the problem of identifying for all debt instruments the exact counterpart sectors. This raises undoubtedly a more general issue concerning reconciliation of assets and liabilities in financial accounts. It may be realised in different manners, depending on the various sources used for compilation. This point was already mentioned among the "other points" examined by the Compilation Task Force. There are problems of valuation on the assets side (which may be very different) and the allocating key for the amounts of accrued interest. The effect on consolidated data needs also specific attention.

The situation seems rather different between countries and within them as far as institutional sectors is concerned. Some satisfying detailed information is generally available through regulatory forms, for the financial sector and, by using administrative sources, for units classified in General Government. For other sectors, financial statements may be used directly, but in most cases surveys are required (for instance on holders or on custodian agents where it seems to be relevant). Another source may be the profit and loss accounts, provided that interest is quite separable from capital gains for all portfolio elements.

In addition, there is a risk to make adjustment on sectors for which information is more difficult to get or derived from other sources as it is the case for non-financial corporations and especially households. However, this would have no impact on the consistency between non-financial and financial accounts as both interest in the property income and the concomitant reinvestment in the financial account are recorded on an accrual basis. But, the question of offsetting payment would lead to distortions between flows and stocks for these sectors.

A major issue is also to identify some categories of instruments on the assets side where the allocation of accrued interest would require specific information. For instance it is the case for some securities like fungible and strips. For fungible, it is clear that there is no sense in identifying, on the assets side, the individual tranches since only the complete line of the bond may be identified. Consequently, accrued interest should be allocated in proportion of the holdings for the line. Concerning strips, the problem is that the new securities are individually traded and included in portfolio. The corresponding underlying bond (basis of the estimation of accrued interest) may be split between investors classified in different sectors. Some methods allow measuring in terms of non-stripped bond the different strips held by the investors. It would provide a ratio applied to the global amount of accrued interest relating to the underlying bond.

Compilers would be in a more delicate position where only global information on securities holdings would be available, notably for sectors like financial institutions and non-residents that realise a large part of transactions. In this case, specific surveys (on samples of investors) could provide a proxy measure of holdings for some categories of assets, completed by some specific hypothesis. For instance, it may be assumed that investors tend to hold portfolios that reflect the structure of the total issued amount of bonds of one category. This hypothesis

would apply to bonds issued by non-residents and held by residents, considering (in the most "neutral" way) that the latter hold a portfolio whose maturity equals the average maturity of the bonds issued by non-residents, according to some features like the currency used for denomination.

→ *It was confirmed that in many cases, for securities, accrued interest is allocated on the assets side proportionally to holdings that have been recorded and not according to a "whom-to-whom" process;*

Due to valuation problems, the accuracy of this method can be questioned but the effect on the consistency of accounts (notably non-financial/financial discrepancy) is generally considered as rather small. However, this statement has to be checked in some cases.

On the contrary, allocation of accrued interest generally does not seem to raise difficulties in case of loans and deposits, at least for information provided by financial corporations.

5. Issues on the reinvestment of accrued interest

For conceptual reasons (notably the assimilation to new issuance of principal as explained I ESA95), the Task Force expressed on this issue a strong preference for recording the reinvestment of accrued interest under the relevant instrument, with the possibility of showing it under a specific sub-item within the main instrument categories. This is on line with ESA95 that recommends "preferably" this kind of solution but does not exclude the possibility to use also "other accounts receivable/payable". The Task Force was in favour of restricting this flexibility. This single treatment was also considered as allowing better comparison of data between countries. This proposal was endorsed by consultative bodies to which the Task Force reported the results of its works.

→ *In a majority of countries, accrued interest is reinvested under the instrument. It is a general practice for securities other than shares. However, some of them prefer recording accrued interest for loans and deposits in "other accounts", although the needed information is fully identified in sources of data.*

Even if this issue cannot be considered as a cause of large inconsistencies in international comparison (at least for the level of interest rates currently observed within the European Union), homogeneity of data should be improved on this point.

ISSUE N° 9
Valuation of unquoted shares

1. Statement of the issue

The measurement of the values of unquoted shares is one of the most difficult issues related to the elaboration of financial accounts. This is mainly due to the difficulty in finding a reliable method for the valuation. However, the issue is very relevant, as unquoted shares in many countries are far more important than quoted shares. Nonetheless, little progress was formerly made in producing harmonised data on unquoted shares. The result was that data reported for unquoted shares under the ESA95 transmission programme lacked comparability between Member States. The lack of comparable data weakened the economic meaning and usefulness of financial accounts as a tool for economic analysis. The issue therefore needed further consideration.

2. Background

2.1 The European System of National and Regional Accounts (ESA 95)

In the absence of observable current prices, the ESA 95 recommends estimating the values of unquoted shares with reference to the values of quoted shares. Thus, the price of unquoted shares should be estimated with reference to prices on the most directly comparable organised markets for quoted shares. However, these estimates should, according to paragraph 7.54:

1) take into account differences between quoted/unquoted shares, notably their liquidity

2) consider the reserves accumulated over the life of the corporation

3) consider a sector based approach (branch of activity)

Although ESA 95 does not impose one specific method, any method should largely respect these principles. Paragraph 7.55 proposes a valuation method for unquoted shares by computing the ratio of market capitalisation of quoted shares to their own funds, and then applying it to the own funds of unquoted shares.

2.2 The *Sub-group on shares and other equity* of the European Monetary Institute's Monetary Union Financial Accounts Task Force (MUFA TF)

The *Sub-group on shares and other equity* of the MUFA TF was set up in 1997 to deal with the valuation of unquoted shares. The Sub-group consisted of representatives from three countries (France, Italy and Spain). The Sub-group undertook a test exercise aimed at assessing various valuation methods for unquoted shares.

The test exercise was carried out for non-financial corporations in two branches, manufacturing of material and transport and trade services.

Six methods were tested:

- Ratio Capitalisation / Nominal Capital (CNC)
- Own funds at Book Value (OFBV)
- Ratio Capitalisation / Own Funds at Book Value (COFBV)
- Net Operating Result (NOR)
- Price Earnings Ratio (PER)
- Mix of COFBV and OFBV (MIX)

The main conclusion was that there was no clear solution that could be easily implemented in all countries and that would give completely comparable results. Anyway, the Sub-group found the methods that took into account “own funds” were more credible (i.e. the second and third methods). The Sub-group also gave detailed descriptions of the different methods.

2.3 The Working Group on Sources and Methods for Financial Accounts (WG SMA)

The Eurostat WG SMFA was set up in 2000 to deal with different compilation issues of financial accounts. Among other issues the WG SMFA discussed the valuation of unquoted shares. The long discussion took as a point of departure the principles of the method proposed in ESA 95 (paragraph 7.55).

A number of participants stressed the limited depth of their domestic stock markets. They insisted that some trends often were very firm specific and could not be applied to a wider population of firms. The discussion did not progress too much. However, the following recommendations were agreed upon:

1. A single method of valuation can currently not be foreseen due to strong difference in "depth" of quoted markets. In some cases, the method rather favoured in ESA95 ("capitalisation method") could give unrealistic results. Countries are however encouraged to study the feasibility of its implementation. Any other method should respect the “General valuation principles” (ESA 7.25-7.32) and try to respect the “essence" of financial assets market prices, that is reflecting the state of anticipations of operators.

2. Anyway, market valuation should not apply to firms that could not be considered as comparable to quoted companies. It is notably the case of some, but not all, small corporations that recording of own funds at nominal value is judged to be more appropriate. It may also be the case for units (with equity under the form of shares) owned by government sub-sectors for which no price for quoted shares could be relevant. Eurostat, with the contribution of its partners, should propose clear guidelines on this point.

3. Global results of methods used by countries should be regularly compared in order to assess the exact effect on comparability of data.

3. Additional input by the Working Group on Unquoted Shares

3.1 Creation of the Working Group on Unquoted Shares (WGUS)

In March 2002 the Financial Accounts Working Party approved the creation of the WGUS, with the mandate of developing a methodology of unquoted shares and of issuing a set of recommendations. The WGUS had as its main aim that of improving the harmonisation of the valuation of unquoted shares across European countries and agree on the principles for a valuation method. Participation in the WGUS was large.[11]

The WGUS had five meetings between 2002 and 2004. The initial discussions in the WGUS led to two main activities: a *questionnaire* and a *common test exercise* on stocks.[12] An exchange of information took place with the Joint ECB–Eurostat Task Force on Foreign Direct Investment.[13]

3.2 The questionnaire and the test exercise

Information on current national methodologies on unquoted shares was collected from the Questionnaire on Unquoted Shares. The information was arranged by institutional sector or sub-sector. The order of the sectors was the following: Non-Financial Corporations; Monetary Financial Institutions; Other Financial Intermediaries; Insurance Corporations and Pension Funds; Central and State Government; Rest of the World; Households and NPISH.

To carry out the test exercise, a first pan-European database of capitalisation ratios was constructed with the participation of eight countries (Belgium, Denmark, Estonia, France, Netherlands, Portugal, Spain and Sweden). The database was built on the principle of allowing for flexibility using the capitalisation ratio as applied to both small and large economies. The calculation of pan-European capitalisation ratios for a wide range of quoted companies was proposed to overcome some problems due to the size of national stock exchanges.

Six countries contributed to the test exercise (Belgium, Denmark, Finland, France, Portugal and Sweden). The test exercise assessed the impact of different ways of calculating the capitalisation ratio of quoted companies when applied to non-quoted companies. The capitalisation ratio was defined as the ratio of total capitalisation to own funds at book value. The data were segmented by size or by branch (two branches classifications, one with 10 NACE branches and the other one with 11 branches, isolating ICT and holdings).

The following data were derived for the years 1998 to 2000:

1) Quoted companies:

---

[11] Thirteen EU Member States, eight Candidate Countries, Switzerland, OECD and ECB took part to the first five meetings of the WGUS.

[12] The complete set of intermediate documents of each meeting is available in the Intranet site CIRCA, in a specific directory FAWP/WGUS.

[13] The Task Force on FDI operated in close coordination with the "ECB Working Group Balance of Payments and External Reserves" and "Eurostat Balance of Payments Working Group".

- The number of companies by segment
- The aggregated own funds of companies of each segment
- The median capitalisation ratio by segment (size or branch) of: all companies; all companies excluding Stoxx50 companies; all companies excluding Stoxx600 companies.

2) Unquoted companies:
- The number of companies by segment
- The aggregated own funds of companies by segment

The market value of unquoted shares was calculated, for each year, by multiplying the own funds of unquoted companies by the median ratio for similar quoted companies (similar size or similar branch) and adding the results for all the categories.

3.3 Definition of own funds

The definition suggested by the *Sub-group* in 1998 was slightly revised, taking into account work done in the field of Balance of Payments (WG-BP&ER of the ECB):

- paid-up capital (*excluding own shares and including shares premium accounts*);
- all types of reserves (*including investment grants when accounting guidelines consider them as company reserves*); and
- non-distributed profits net of losses (*including results for the current year*)

3.4 The Report of the WGUS

The Report of the Working Group on Unquoted shares was presented by Eurostat at the FAWP of 13-14 May 2003. It covers three areas:

- links with ESA 95 and fourteen recommendations to value unquoted shares;
- current sources and methods;
- numerical results of the common test exercise.[14]

It also suggests creating a *Pan-European database of quoted corporations*, as an important tool in the valuation of unquoted shares.

The Report of the WGUS was very much appreciated by the FAWP. Most countries found the Report and the recommendations very useful, are ready to participate to the construction of Pan-European database of quoted corporations, and to apply, totally or partially, the methodology suggested.

A shorter version of the report was presented to the CMFB meeting of 26-27 June 2003. The CMFB welcomed the Report and underlined the need for further harmonisation and transparency in the valuation of unquoted shares. The CMFB recommended following, to the extent possible, the approach put forward by the WGUS. Most countries were ready to

[14] The document "The valuation of unquoted shares: current state and new proposals" was Item 9 in the Agenda of the FAWP of May 2003. The document consisted of three chapters and seven appendixes, for a total of 90 pages.

contribute to the pan-European database. They stressed, however, that participation should be voluntary and the approach retained should be flexible.[15]

Here we note that the fourteen **recommendations** to value unquoted shares contain various elements of **flexibility**. For example, three recommendations deal with branches. The first suggests isolating Information and Communications Technology activities (Recommendation 5). The second to use few branches (Recommendation 6). The last one suggests using precisely the 11 branches of the common test exercise (Recommendation 7). This last Recommendation is the more restrictive one. It is however conceivable that a country would adopt Recommendations 5 and 6 but not Recommendation 7.

Another element of flexibility is in the value of the liquidity discount. Whilst it is suggested to use a liquidity discount (Recommendation 12), its estimate is left to individual countries. However **the computation of a liquidity discount can be difficult** and very time consuming. So another option is given, that of using the **median by branch**.[16]

Finally, other elements of flexibility are the **set of strategies included in Recommendation 13** and the **possibility of using other methodologies**. However in the latter case the need of additional information is greater, as these other methodologies cannot be supported by the theoretical framework and the statistical results of the common test exercise. Thus, Member States that choose to adopt methodologies that meet very few, or none, of the fourteen recommendations are requested to produce a report that details: (a) the perceived theoretical links with ESA95 of their methodology; (b) why they could not adopt a strategy within the common European approach; (c) an evaluation of the comparability with the valuations that would have been obtained with the common European approach.

Recommendations

Recommendation 1
Split the financial instrument 'Shares and other equity, excluding mutual funds shares (F.51)' into its three sub-categories 'Quoted shares, excluding mutual funds shares (F.511)', 'Unquoted shares, excluding mutual funds shares (F.512)' and 'Other equity (F.513)' for all institutional sectors and sub-sectors of the ESA95 transmission programme.

Recommendation 2
Produce methodological notes that illustrate the compilation of statistics for the valuation of on unquoted shares.

More complete methodological notes can be diffused at international level through the annual revision of the "Stocktaking Document of the *Manual on Sources and Methods of ESA95 Financial Accounts"*. Later they can be incorporated in a new edition of the *Manual on Sources and Methods*.

[15] The Report to the CMFB was revised, to take into account a number of comments. Furthermore, additional work was suggested in some areas. As a consequence, the meeting of the WGUS in September 2003 examined the definition of Own Funds at Book Value and foreign affiliated companies.

[16] See the comments after Recommendation 12.

Recommendation 3
In the methodological notes on unquoted shares give sufficient space to households and non-financial corporations.

On these sectors there is less direct information. The figures produced on them are so often the result of a complex methodology. These sectors are at the same time of special interest to users of financial accounts.

Recommendation 4
Produce a full sequence of accounts on unquoted shares, giving adequate attention to revaluation accounts.

For unquoted shares, as well as for quoted shares, a considerable increase in the overall quality can be achieved if the accounts on other flows are routinely produced.

Recommendation 5
Isolate ICT activities, and put them in a separate branch.

The current NACE classification does not consider Information and Communications Technology activities on its own. However the very high fluctuation in share prices of some technological companies suggested isolating them. There are reasons to believe that a separate statistical treatment of ICT activities will be the norm in the years to come.

Recommendation 6
Use a relatively small number of branches.

In constructing a methodology to evaluate the stocks of unquoted shares one might be tempted to use a large number of branches, as this is supported by economic reasoning. However, quite often the national market for quoted shares is not sufficiently developed to give statistically significant results. Also in a European perspective, it seems more productive to have limited ambitions in this field.

Recommendation 7
Use precisely the 11 branches defined for the common test exercise.

This recommendation puts together Recommendations 5 and 6 above, and gives them a clear operational content.

The definition of the 11 branches is as follows:

Branch code	**NACE code**	**Short denomination**
1	30, 313, 32, 332, 333, 642, 7133, 72	ICT activities
2	C+E+232	Mining, Energy, Refining petroleum products
3	D (except 232, 30, 313, 32, 332, 333)	Manufacturing (non ICT+ non refining petroleum products)
4	F	Construction
5	G	Trade
6	H+I (except 642)	Hotel and restaurants, Transports and

		communication (non ICT)
7	65	Financial intermediation
8	66	Insurance
9	67	Financial and insurance auxiliaries
10	K (except 7133, 72,7415) + others	Real estate, non financial services (non ICT, non holdings), Others
11	7415	Holdings

As an exception, in the few European countries in which the stock market is very well developed, one could evaluate the benefits of using more than 11 branches. However, the possibility of re-aggregating this larger number of branches in the 11 braches above is recommended.

Recommendation 8
Contribute to the creation and regular updating of a Pan-European database of quoted corporations

The construction of a Pan-European database with the ratios of capitalisation to own funds is an important step in solving the statistical problems that face smaller economies. It benefits larger economies as well, as they are in the position of producing data that are more comparable at the European level. As a matter of fact, a move to pan-European indexes for quoted companies, with sub-indexes by sector of activity, has taken place in recent years in financial markets.

It should be noted that the participation to the construction of the Pan-European database of quoted companies does not imply necessarily its use at national level.[17]

Recommendation 9
Exclude quoted companies with small own funds.

The examination of the capitalisation ratios of quoted companies with own funds below 10 million euro has led to the conclusion that these companies have rather special histories, so it is better not to consider them as representative of other companies.

Recommendation 10
Exclude quoted companies in the Stoxx-600 index.

The inclusion of a company in a Top index has profound effects on its valuation. The valuations of these companies do not seem applicable to other quoted companies, much less so to unquoted companies. The Stoxx-600 index seems to fit well our purposes.

Recommendation 11
Use the weighted average of the ratios of capitalisation to own funds for each branch.

After applying Recommendations 9 and 10 we are dealing with a truncated distribution for each branch. In the discussions at the WGUS reasonable candidates for the average were the

[17] The national contributions to the Pan-European database will be sent regularly to Eurostat. Eurostat will then compute some summary statistics, and will disseminate only this type of information.

median and the weighted average. The exclusions of companies suggested in Recommendation 9 and 10 allow using the weighted average, which gives a better description of the population. It should be noted, however, that the weighted average gives higher values than the median.[18]

Recommendation 12
Use a liquidity discount to correct, downwards, the weighted average of the ratios of capitalisation to own funds of quoted companies.

A useful study was conducted in this field by INSEE. This study, based on French data, estimated a liquidity factor of 25 per cent.

If similar studies on the liquidity at national level prove to be too difficult, a possible alternative to Recommendations 11 and 12 together would be that of using the median instead of the weighted average and a correction for the liquidity. This would be an approximate solution.
It would also be possible to operate in the following way: (a) compute both the median and the weighted average by branch; (b) compute the percentage ratio of the median with respect to the weighted average; (c) the complement to 100 of the above percentage ratio could be considered as an estimate of the liquidity discount. It is perceived that this way of presenting the results (weighted average and a liquidity discount based on the median and the weighted average) is more elegant than a direct use of the median,[19] and is more transparent as it allows better comparisons across countries.

Recommendation 13
Use at national level one of the four strategies outlined below.

Strategy 1	**Strategy 2**	**Strategy 3**	**Strategy 4**
Exclusion of small quoted companies with a common threshold (10 million euro)	Exclusion of small quoted companies with a common threshold (10 million euro)	Exclusion of small quoted companies with a common threshold (10 million euro)	Exclusion of small quoted companies with a common threshold (10 million euro)
Exclusion of companies in the Stoxx-600 index	Exclusion of companies in the Stoxx-600 index	Exclusion of companies in the Stoxx-600 index	Exclusion of companies in the Stoxx-600 index
Weighted average of the ratios of capitalisation to own funds at book value of quoted companies	Weighted average of the ratios of capitalisation to own funds at book value of quoted companies	Weighted average of the ratios of capitalisation to own funds at book value of quoted companies	Weighted average of the ratios of capitalisation to own funds at book value of quoted companies

[18] We also note that the median, the weighted average and the simple average are closer to each other in the truncated than in the original distribution.

[19] The average is used usually to replicate a distribution. In the formula for the valuation of unquoted shares, the capitalisation ratio plays the role of an average ratio. By using the median ratio for quoted companies as the capitalisation ratio for unquoted companies we are supposing that the median and the average are the same for unquoted companies. Thus, we are supposing that the distribution of these latter companies is symmetric. However, we know that the distribution of quoted companies is generally asymmetric.

Exactly the 11 branches of the common test exercise	Exactly the 11 branches of the common test exercise	Exactly the 11 branches of the common test exercise	No branches
Use the Pan-European database of quoted companies	Use the Pan-European database of quoted companies	National database of quoted companies	National database of quoted companies
Common liquidity discount	National liquidity discount	National liquidity discount	National liquidity discount

In the table above, shaded cells signal a change in elements of the strategy.

Recommendation 13 is basically a synthesis of Recommendations 5 to 12. In Strategies 1 and 2 the further step is made of suggesting to use the Pan-European database of quoted companies. Strategies 1 and 2 represent a strongly co-ordinated Common European Approach to the valuation of quoted shares. Strategies 3 and 4 represent a weakly co-ordinated Common European Approach to the valuation of quoted shares. If the European median and the European weighted average by branch are used in computing the liquidity discount, Strategy 1 is being applied. Other national strategies are outside what we can support with the results of the common work made in the WGUS.

What said above does not mean that other methodologies are ruled out, but that Member States that choose to adopt them are requested to produce a report that details: (a) the perceived theoretical links with ESA95 of their methodology; (b) why they could not adopt one of the four strategies of the Common European Approach; (c) an evaluation of the comparability with the valuations that would have been obtained with the Common European Approach.

Recommendation 14
Follow with attention the national application of International Accounting Standards directive.

A basic concept of IAS for financial instruments is that of fair value. If there is an active organised market, fair value is close to market value, otherwise it can be seen as an estimated market value. The widespread availability of this type of valuation in balance sheets should provide new useful information to compilers of financial accounts.

Chapter 3. Annual financial accounts sources and methods: Bulgaria

1. Institutional arrangements

Memorandum for cooperation between three institutions Bulgarian National Statistical Institute (BNSI), Ministry of Finance (MoF) and Bulgarian National Bank (BNB) was signed in 2005. According to this Memorandum BNSI is responsible for elaboration of annual financial accounts while BNB is responsible for compilation of quarterly financial accounts.

The compilation of annual financial accounts for each sector and sub-sector are accomplished in the BNSI (Directorate 'Macroeconomic statistics', 'National Financial accounts' division) in close cooperation with experts of the Ministry of Finance, Bulgarian National Bank and Central Depository, which provides important information and metadata for statistical reports.

2. Publication

At present, the full set of financial accounts for the 2000-2006 period exists, according to the Eurostat transmission program requirements. This implies tables for stocks of assets and liabilities broken down by instrument, as well as complete data on flows (transactions, revaluations and other changes in volume) for all economic sectors and sub- sectors.

In practice publication policy of Bulgarian annual financial accounts is related to:

- Publication of Methodology for elaboration of national financial accounts and data for non-consolidated financial accounts for stocks and transactions on "Main macroeconomic indicators" yearbook for Bulgaria.
- Publication of Methodology for elaboration of national financial accounts and data for non-consolidated financial accounts for stocks and transactions in the Internet website of Bulgarian National Statistical Institute.
- Transmission of the data for annual financial accounts to Eurostat. According to derogation received, the deadline for Bulgarian annual financial accounts is t+13 months, starting from 2000 for stocks and 2001 - for flows.

3. Production cycle

When the annual financial accounts are compiled the main priorities of data sources are related to:

- First, the priority of information to money and banking statistics and rest of the world statistics (Balance of payments and International Investment Position) is given, because it can be considered that these data sources are more reliable;
- Second, it is generally considered that annual financial accounts are more reliable in comparison with quarterly due to fact the information of annual accounts are drawn from annual balance sheet and annexes which are audited as final for the respective year;
- Third, concerning relations with non-financial accounts production, they are elaborated by sectors from the same data sources: standardised questionnaires operated by BNSI and data received from partner institutions. The main tasks in this direction are related to further investigation and reduction of the statistical discrepancy between sectors and sub-sectors.

4. Balancing the accounts

The compilation process for annual financial accounts follows procedures and rules that intend to ensure clarity and methodological reliability of the results, as much as possible under the existing data limitations (see Figure 1 below).

- Consistency checks are performed using different data sources providing, in most cases, different figures for one and the same data entry.
- When data sources give conflicting information for particular items, additional enquiries are made. In cases where data conflicts could not be resolved through additional contacts with data providers, the most methodologically reliable source is chosen to supply data for the respective entry. When necessary, an expert estimate is obtained.

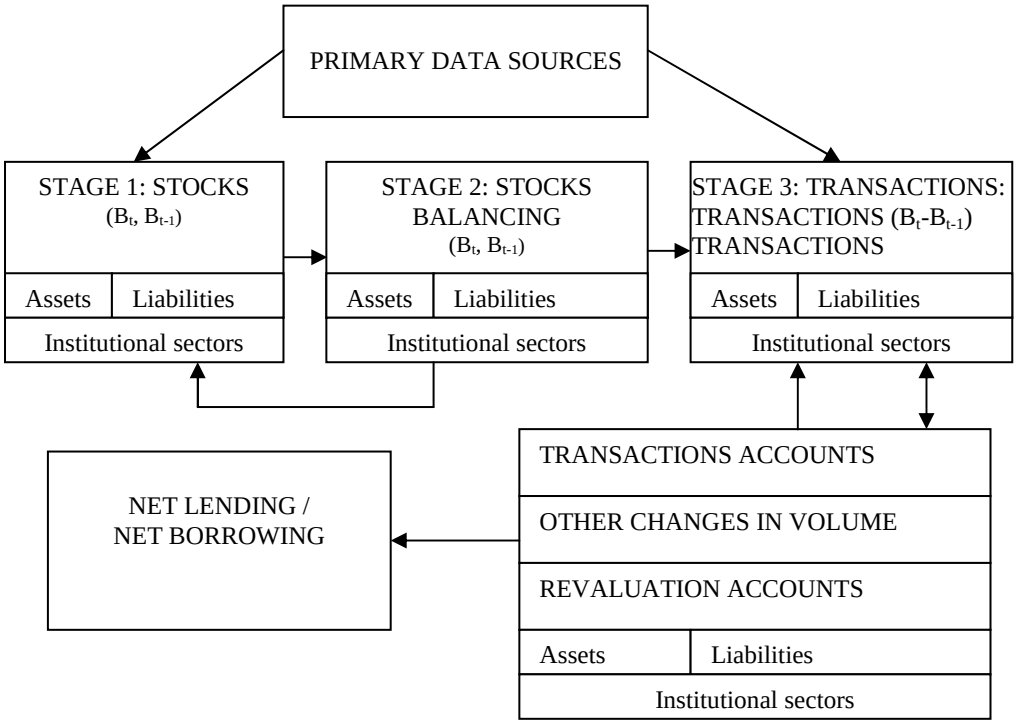


Fig.1. Stages of Bulgarian financial accounts compilation

Bulgarian financial accounts are elaborated in three stages. In stage 1 the data are collected from all available data sources. These data are recorded in the respective balance sheets (Assets and Liabilities side) of sectors and sub-sectors broken down by:

- financial instrument;
- counterpart institutional (sub-)sector. Where this could not be easily identified, in an initial stage, some assets and liabilities are recorded against a 'non-allocated' sector.

In Stage 2 the whole set of data is assessed using a systematic Excel-based reporting tool consisting of different sheets for every sector and sub-sector, both for stocks as well as for financial flows. Data conflicts are identified and solved.

Stage 3, finally, consists of identification of flow data by sector and instrument. In some cases data on transactions and other changes in volume are readily available and nominal holding

gains and losses are calculated as a residual. In other cases, assumptions on nominal holding gains and losses and other changes in volume have to be made before transactions could be derived from subsequent balance sheets.

5. Consolidation issues

The procedures for consolidation are according to the Eurostat rules.
In addition, compatibility with financial instruments of EDP notification tables is ensured.

6. Plausibility checks

In general the plausibility checks in elaboration of annual financial accounts follow procedures and rules that intend to ensure clarity and methodological reliability of the results, described in section 4 above. Consistency checks on the data (assets and flows) of very large amounts are compared and controlled in year (t-1) and year (t).

7. Ongoing or planned changes to financial accounts production

During 2007 and 2008 the standardized questionnaires were considerably amended to meet the new transmission requirements of ESA 95. According to the plans of BNSI in 2009 the cash time-adjusted method for compilation of taxes and social contributions will be introduced. Therefore the inconsistency for recording of taxes and social contributions in financial and non-financial accounts will be overcome.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

The national definition of this sector roughly corresponds with ESA 95 standards but some corrections are made. Typical examples in this respect are public hospitals which are reclassified in general government sub-sectors – central and local government.

In the standardised questionnaires, leasing companies and some other companies whose main activities are related to the granting of loans are assimilated with non-financial companies, but are put in the sector S.123.

8.1.1 Currency and deposits (F.2)

i) Assets
Currency is broken down into two sub-categories: foreign currency and national currency (BGN).
All deposits are at nominal value, which corresponds with the book value. Data show the values that appear in the balance sheets of the sectors - the amounts of the principal that the debtors are contractually obliged to repay to the creditors. Foreign currency cash and deposits are recorded at market prices according to the exchange rates at the end of the accounting year.

Data entry	Asset of	Liability of	Relevant data source
AF.21 Currency	NFC	BNB	BS-NFC: ‘Cash’
AF.21 Currency	NFC	RoW	BS-NFC: **‘**Foreign currency’

AF.22 Transferable deposits	NFC	OMFI RoW	Monthly Sectoral Survey of BNB BOP: specific information from BNB
AF.29 Other deposits	NFC	OMFI RoW	Monthly Sectoral Survey of BNB BOP: specific information from BNB

ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

This category includes negotiable financial instruments, which are tradable on secondary markets and do not grant to their holder any ownership right.

These amounts are available in the Report on securities held by enterprises, which was considerably improved in 2008 in order to receive counterpart information about all indicators of category F.3, including financial derivatives by initial maturity. The amounts of compensation vouchers used in privatisation are classified in AF.34 on Eurostat's recommendation.

Securities other than shares are recorded at transaction values. These amounts are available in Reports on securities held by enterprises, received from different surveys for separate institutional sectors. In practice, the transaction values are identified as current market prices.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.331 Securities other than shares: short term	NFC	NFC	BS-NFC: 'Commercial bills'
AF.332 Securities other than shares: : long term	NFC	NFC	BS-NFC: 'Commercial bills'
AF.332 Securities other than shares: long term	NFC	CG	BS-NFC: 'Treasury bills'
AF.332 Securities other than shares: long term	NFC	All sectors except for those which cannot issue these instruments	BS-NFC: 'Bonds', 'Other documents and rights'

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.331 Securities other than shares: short term	NFC	NFC	BS-NFC: 'Commercial bills'
AF.332 Securities other than shares: long term	NFC	NFC	BS-NFC: 'Commercial bills'
AF.332 Securities other than shares: long term	NFC	All sectors	BS-NFC:' Bonds '

8.1.3 Loans (F.4)

The category "loans" includes all short- and long-term loans, which have a determined maturity. Since 2008 items for counterpart information for financial instruments – loans and financial leasing were included in the Report for receivables and payables by institutional sectors.

In principle, the outstanding value of loans is recorded in both creditor/debtor sectors as the amount of principal due (nominal value). Data for loans exclude capitalised interest.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.41 Loans: short term	NFC	NFC	BS-NFC: Trade loans, Other loans to related enterprises
AF.42 Loans: long term	NFC	NFC	BS-NFC: Trade loans, Financial leasing

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.41 Loans: short term	NFC	OMFI	Monthly Sectoral Survey of BNB
AF.41 Loans: short term	NFC	OFI	BS-NFC: Other loans
AF.41 Loans: short term	NFC	NFC, RoW	BS-NFC: Trade loans Till 2007 two separate questions for NFC and RoW
AF.42 Loans: long term	NFC	OMFI	Monthly Sectoral Survey of BNB
AF.42 Loans: long term	NFC	OMI	BS-NFC: Other loans
AF.42 Loans: long term	NFC	NFC, RoW	BS-NFC: Trade loans, Financial leasing Two separate questions for NFC and RoW

8.1.4 Shares and other equity (F.5)

The Central Depository organises and maintains the system for registration of dematerialised shares, maintains shareholders' registry of traded companies, registers transactions in securities and provides other information and registration services. It registers all deals with quoted shares of the companies registered on the Bulgarian Stock Exchange, the unquoted shares of the other 'public liability companies', and the quoted privatisation vouchers. Individuals can transfer their ownership of shares only through the Central Depository. It not only acts as a central register for shares and securities other shares, but is also the institution performing all the transfers of ownership. The Central Depository provides statistical data for all registered shares, broken down by type of holder and issuer. The classification used is fully consistent with the ESA 95 sectorisation.

Quoted shares are recorded at market prices prevailing on the Bulgarian Stock Exchange. For the valuation of unquoted shares, the book value is converted into the market value applying the method of own funds /capitalization ratio.

F.513 Other equity is recorded at the book value.

Data entry	Liability of	Assets of	Relevant data source
AF.511 Quoted shares	NFC	All sectors	Central Depository, broken down by issuer and holder.
AF.512 Unquoted shares	NFC	All sectors	BNSI statistical database. Book value converted into market value. Ownership structure drawn from a survey of the Central Depository and Statistical Register.
AF.513 Other equity	NFC	All sectors	BS-NFC: Information drawn from BNSI statistical database.

F.52 Mutual fund shares are reported on the basis of information from Central Depository for issuer and holder sector on market prices.

8.1.5 Insurance technical reserves (F.6)

i) Assets
For more information see paragraph 8.2.5.5 Insurance technical reserves.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Values are recorded for both debtor and creditor sectors at the amount that the debtors are contractually obliged to pay. In Bulgaria, this value is in principle shown as such in both sectors' balance sheets. In principle, all accrued interest concerning deposits, securities other than shares and loans are recorded in this category.

Trade credits and advances (F.71)
i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.71 Trade credits and advances	NFC	NFC, RoW,HH, NPISH, etc.	BS-NFC: Receivables from clients' suppliers, Legal awards receivable, Receivables from related enterprises for goods and services – long term and short term, Long-term advances, Other long-term receivables. Till 2007 two separate questionnaires for NFC and RoW. Information from supplementary tables in questionnaire for sectors NFC, HH, NPISH, OMFI, GG

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.71 Trade credits and advances	NFC	NFC, RoW, HH, NPISH, CG	BS: NFC: Payables to suppliers and clients, Payable to related enterprises for assets and services – long and short term, Long-term advances. Till 2007 two

			separate questions for NFC and RoW. Information from supplementary tables in questionnaire for sectors NFC, HH, NPISH, OMFI, CG

Other accounts receivable and payable, excluding trade credits and advances (F.79): includes financial claims and liabilities created as a result of the timing difference between accrued transaction and payments made for taxes, social security contributions, wages and salaries, etc.
Since 2008 items for counterpart information are included in the Report for receivables and payables by institutional sectors, related to category (F.79) Other accounts receivable and payable, excluding trade credits and advances.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.79 Other accounts receivable	NFC	NFC, HH and other sectors	BS: Other short-term receivables, Non-paid capital. Till 2007 two separate questions for NFC and RoW. After 2008 will be used a new questionnaire by counterpart sectors.

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.79 Other accounts payable	NFC	NFC, HH and other sectors	BS: 'Other short term payables". Till 2007 two separate questions for NFC and RoW. After 2008 by using new questionnaire by counterpart sectors.

8.2 Financial corporations (S.12)

The Money and Banking Statistics Department of the Bulgarian National Bank compiles statistical data for two institutional sub-sectors, the Central Bank and the Other Monetary Financial Institutions. The assets and liabilities of these two sub-sectors at the end of each year are reported in a form that is to a high extent compatible with ESA 95. Amounts are broken down by financial instrument and counterpart sector. The data published by the Money and Banking Statistics Department are considered as one of the most reliable sources providing counterpart data entries, most of which can be used in the financial accounts.

8.2.1 The Central Bank (S.121)

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF11. Monetary gold	BNB	-	Monthly Sectoral Survey of BNB
AF12. Special Drawing Rights	BNB	-	Monthly Sectoral Survey of BNB

Monetary gold and SDR holdings of the BNB are recorded at market value in the financial accounts.

ii) Liabilities

Not applicable.

8.2.1.2 Currency and deposits (F.2)

Valuation – see section 8.1.1.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF21. Currency	BNB	RoW, BNB	Monthly Sectoral Survey of BNB
AF22 Transferable deposits	BNB	RoW	Monthly Sectoral Survey of BNB
AF29 Other deposits	BNB	RoW	Monthly Sectoral Survey of BNB

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF21 Currency	BNB	All sectors	Monthly Sectoral Survey of BNB
AF22Transferable deposits	BNB	OMFI,CG, SSF, FA, NFC	Monthly Sectoral Survey of BNB: Overnight deposits
AF29 Other deposits	BNB	OMFI,CG, SSF, FA, NFC	Monthly Sectoral Survey of BNB: Time deposits, Restricted deposits

8.2.1.3 Securities other than shares (F.3)

Valuation – see section 8.1.2.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
F331 Securities other than shares: short – term	BNB	RoW	Monthly Sectoral Survey of BNB: Securities other than shares: short-term (but cross-checked with counterpart information)
F332 Securities other than shares: long – term	BNB	RoW	Monthly Sectoral Survey of BNB, 'Securities other than shares: long-term' (but cross-checked with counterpart information)

ii) Liabilities

Not applicable.

Financial derivatives (F.34) in general are not covered for this sector**.**

8.2.1.4 Loans (F.4)

Valuation – see section 8.1.3.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
F41 Short-term loans	BNB	CG, OMFI	Monthly Sectoral Survey of BNB
F42 Long-term loans	BNB	CG , OMFI	Monthly Sectoral Survey of BNB

ii) Liabilities

Data entry	Liability of	Liability of	Relevant data source
F42 Long-term loans	BNB	RoW	Monthly Sectoral Survey of BNB

8.2.1.5 Shares and other equity (F.5)

Valuation – see section 8.1.4.

i) Assets
Not applicable.
ii) Liabilities

Data entry	Liability of	Liability of
F513 Other equity	BNB	CG

8.2.1.6 Insurance technical reserves (F.6)

i) Assets
For more information see paragraph 8.2.5.5.
ii) Liabilities
Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

Valuation – see section 8.1.6.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
F79 Other accounts receivable and payable	BNB	All Sectors	Monthly Sectoral Survey of BNB

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
F79 Other accounts receivable and payable	BNB	All sectors	Monthly Sectoral Survey of BNB

8.2.2 Other monetary financial institutions (S.122)

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
F21. Currency	CB	BNB (in BGN), RoW (foreign currencies)	Monthly Sectoral Survey of CB
F22 Transferable deposits	CB	BNB, OMFI, RoW	Monthly Sectoral Survey of CB: Overnight deposits.
F29 Other deposits	CB	BNB, OMFI, RoW	Monthly Sectoral Survey of CB: Time deposits and Restricted deposits.

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
F22Transferable deposits	CB	All sectors	Monthly Sectoral Survey of CB: Overnight deposits.
F29 Other deposits	CB	All sectors	Monthly Sectoral Survey of CB: Time deposits and Restricted deposits.

8.2.2.3 Securities other than shares (F.3)

i) Assets

Data entry	Asset of	Liability of mainly	Relevant data source
F331 Securities other than shares: short – term	CB	OMFI, RoW, CG, NFC	Monthly Sectoral Survey of CB: Securities other than shares: short-term
F332 Securities other than shares: long – term	CB	NFC,OMFI, OFI, CG, LG, RoW, FA, INS	Monthly Sectoral Survey of CB, Securities other than shares: long-term
F.34 Derivatives	CB	NFC, CG, OMFI, RoW	The compensation vouchers are classified in AF.34 on Eurostat's recommendation, as well.

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
F331 Securities other than shares: short – term	CB	All sectors	Monthly Sectoral Survey of CB
F332 Securities other than	CB	All sectors	Monthly Sectoral Survey of

shares: long – term			CB
F.34 Financial derivatives	CB	All Sectors	Monthly Sectoral Survey of CB

8.2.2.4 Loans (F.4)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
F41 Short-term loans	CB	All Sectors	Monthly Sectoral Survey of CB
F42 Long-term loans	CB	All Sectors	Monthly Sectoral Survey CB

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
F41 Short-term loans	CB	All Sectors	Monthly Sectoral Survey of CB
F42 Long-term loans	CB	All Sectors	Monthly Sectoral Survey CB

8.2.2.5 Shares and other equity (F.5)

Data entry	Liability of	Asset of	Relevant data source
F511 Quoted shares	CB	All sectors	Central Depository broken down by issuer and holder.
F512 Unquoted shares	CB	All sectors	Book value converted into market value. Ownership structure drawn from Monthly Bulletin of Commercial banks

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
For more information see paragraph 8.2.5.5.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
F79 Other accounts receivable and payable	CB	All sectors	Monthly Sectoral Survey of CB: Other assets

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
F79 Other accounts receivable and payable	CB	All sectors	Monthly Sectoral Survey of CB: Other liabilities

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

This sub-sector includes all investment companies and intermediaries operating under specific accounting standards and specific laws and licences. BNSI uses separate questionnaires for both types of institutions. In addition, companies listed under NACE 65 (including leasing companies) are put in this sub-sector even though they have to reply to the standardised questionnaire for non-financial enterprises. The balance sheet, Report for receivables and payables by institutional sectors and Report for securities and derivatives held by enterprises were improved in 2008 in order to receive information for financial indicators for their counterpart.

8.2.3.1 Currency and deposits (F.2)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.21 Currency	OFI	BNB (in BGN) RoW (foreign currencies)	BS: Cash BS: Cash
AF.22 Transferable deposits	OFI	OMFI	Monthly Sectoral Survey of BNB
AF.29 Other deposits	OFI	OMFI	Monthly Sectoral Survey of BNB

ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

i) Assets

Data entry	Asset of	Liability of	Relevant data source[20]
AF.332 Securities other than shares: long–term	OFI	NFC, OMFI, RoW CG	Bonds and other documents and right Treasury bills

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.332 Securities other than shares: long–term	OFI	NFC OMFI, RoW	Bonds

8.2.3.3 Loans (F.4)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.41 Loan: short–term	OFI	All sectors	All relevant data source
AF.42 Loan: long–term	OFI	All sectors	All relevant data source

[20] Till 2007 some of these securities appear under 'short-term' investment but in the questionnaires this qualification refers to the investment horizon rather than to the initial maturity of the instrument.

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.41 Loan: short – term	OFI	OMFI, OFI NFC, RoW	Surveys of relevant data source
AF.42 Loan: long – term	OFI	OMFI, OFI NFC, RoW	Surveys of relevant data source

8.2.3.4 Shares and other equity (F.5)

Quoted shares are recorded at market prices prevailing on the Bulgarian Stock Exchange. For the valuation of unquoted shares, the book value is converted into the market value applying the method of own funds /capitalization ratio. Other equity is recorded at the book value.

Data entry	Liability of	Assets of	Relevant data source
AF.511 Quoted shares	OFI	All sectors	Central Depository, broken down by issuer and holder.
AF.512 Unquoted shares	OFI	All sectors	BNSI statistical database. Book value converted into market value. Ownership structure drawn from a survey of the Central Depository and Statistical Register.
AF.513 Other equity	OFI	All sectors	BS: Information drawn from BNSI statistical database.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
For more information see paragraph 8.2.5.5.
ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.71 Trade credits and advances	OFI	NFC (by assumption)	BS and relevant data source

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.79 Other accounts receivable and payable	OFI	All sectors	BS and relevant data source

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 includes financial houses, exchange offices, insurance intermediaries and other financial intermediaries operating without specific accounting standards and licenses.

The sub-sector S.124 “Financial auxiliaries” includes pension companies, as well. The data are mostly drawn from the standardized questionnaires, except for pension companies. In practice, the financial auxiliaries fill out the questionnaires for non-financial enterprises.

8.2.4.1 Currency and deposits (F.2)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.21 Currency	FA	BNB (in BGN) RoW (foreign currencies)	BS Cash
AF.22 Transferable deposits	FA	OMFI	Monthly Sectoral Survey of BNB
AF.29 Other deposits	FA	OMFI	Monthly Sectoral Survey of BNB

ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.331/332 Securities other than shares	FA	CG All other sectors except for sectors which can not issue these instruments	Treasury bill Bonds and other types securities

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.331/332 Securities other than shares	FA	All sectors	Bonds
AF.34 Financial derivatives	Not covered this sector		

8.2.4.3 Loans (F.4)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.41 Loan: short–term	FA	NFC (by assumption till 2007)	BS
AF.42 Loan long–term	FA	NFC (by assumption till 2007)	BS

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.41 Loan: short–term	FA	NFC, OMFI, OFI	BS and relevant data

			source
AF.42 Loan: long – term	FA	NFC, OMFI, OFI	BS and relevant data source

8.2.4.4 Shares and other equity (F.5)

Data entry	Liability of	Assets of	Relevant data source
AF.511 Quoted shares	FA	unlikely cases	Central Depository, broken down by issuer and holder.
AF.512 Unquoted shares	FA	All sectors	BNSI statistical database. Book value converted into market value. Ownership structure drawn from a survey of the Central Depository and Statistical Register.
AF.513 Other equity	FA	All sectors	BS: Information drawn from statistical database.

For more detail information see paragraph 8.1.4.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
For more information see paragraph 8.2.5 Insurance technical reserves sub-paragraph 8.2.5.5.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.71 Trade credits and advances	FA	NFC (by assumption till 2007)	BS and other relevant data sources
AF.79 Other accounts receivable and payable	FA	All sectors	BS and other relevant data sources

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.71 Trade credits and advances	FA	NFC (by assumption till 2007)	BS and other relevant data sources
AF.79 Other accounts receivable and payable	FA	All sectors	BS and other relevant data sources

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 covers all licensed insurance corporations (life insurance companies and non-life insurance companies) and pension funds. All of them are licensed and supervised by the Financial Supervision Commission. Pension funds are operating on the basis of licenses. The data are mostly drawn from the standardised questionnaires.

8.2.5.1 Currency and deposits (F.2)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF21 Currency	INS	BNB	BS: Cash
AF22 Transferable deposits	INS	OMFI	Monthly Sectoral Survey of BNB
AF29 Other deposits	INS	OMFI	Monthly Sectoral Survey of BNB

ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

Since 2008 Report on securities and derivatives held by institutional sectors will be implemented for this sector.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
F.332 Securities other than shares: long–term	INS	GG All other sectors except those which cannot issue these instruments	Treasury bills Bonds and other types securities

ii) Liabilities

Data entry	Liability of	Asset	Relevant data source
F.332 Securities other than shares: long–term	INS	INS (by assumption)	Bonds

8.2.5.3 Loans (F.4)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF42 Long–term loans	INS	HH	BS

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF41 Short–term loans	INS	OMFI	Relevant data sources
AF42 Long–term loans	INS	OMFI	Relevant data sources

8.2.5.4 Shares and other equity (F.5)

Data entry	Liability of	Assets of	Relevant data source
AF.511 Quoted shares	INS	All sectors	Central Depository, broken down by issuer and holder.
AF.512 Unquoted shares	INS	All sectors	BNSI statistical database. Book value converted into market value. Ownership structure drawn from a survey of the Central Depository and Statistical Register.
AF.513 Other equity	INS	All sectors	BS: Information drawn from statistical database.

For more detail information see paragraph 8.1.4.

8.2.5.5 Insurance technical reserves (F.6)

Net equity of households in life insurance reserves F.611 in the liabilities of life-insurance corporation vis-à-vis resident households is ensured. Liabilities of life insurance corporations vis-à-vis non-resident households (policy holders) cannot be estimated from life-insurance balance sheet. Balance sheets do not provide any data on the liabilities side to non-residents.

Net equity of households in pension fund reserves F.612 in the liabilities of life pension funds vis-à-vis resident households is ensured. Liabilities of pension funds vis-à-vis non-resident households cannot be estimated from the balance sheet. Balance sheets do not provide any data on the liabilities side to non-residents.

Prepayments of insurance premiums and reserves for outstanding claims F.62 are allocated by counterpart sectors on the basis of special survey for payments of insurance premium of policy holders by institutional sectors. Special questionnaire was elaborated and implemented in practice only for the purpose of elaboration of annual financial accounts.

8.2.5.6 Other accounts receivable and payable (F.7)

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF79	INS	NFC, INS, HH	BS

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF71	INS	NFC (by	BS

		assumption)	
AF79	INS	INS, HH	BS

8.3 General Government (S.13)

Sub-sector S.1311 covers institutional units whose activities are financed by the Central Budget. S.1313 includes all municipalities as units of public administration. Non-profit institutions controlled and mainly financed by Local Government units are also included in this sub-sector. S.1314 includes institutional units that manage social security schemes organised and controlled by Central Government units. Two institutional units are classified in this sector: the National Social Security Institute (NSSI), and the National Health Insurance Fund (NHIF).

The Ministry of Finance is authorised for collecting, processing and summarising financial data from all General Government (or budgetary) units via different specific reporting forms. Two divisions of the Ministry of Finance are responsible for providing aggregated data relevant for the compilation of financial accounts: State Debt Directorate and State Treasury Directorate.

The State Debt Directorate compiles data for the state debt**,** both for the amounts issued during the budgetary year and amounts outstanding at end of year. It is possible to break down the debt estimates by issuer sub-sector, instrument and maturity. However, there is no primary information available from the MoF about the holders of the debt. The State Debt Directorate provides an additional breakdown by maturity (short-term/long-term) of outstanding amounts of both securities other than shares and loans, consistent with ESA 95.

The State Treasury Directorate collects and processes the balance sheets of all government units. Balance sheet data are recorded according to the rules of the National Chart of Accounts. However, this classification does often not provide detailed breakdowns of assets and liabilities required for the financial accounts. Hence, they have to be complemented by more detailed data in the so-called trial balances. In practice, balance sheets and trial balances are compiled separately for each of the sub-sectors of General Government. The Ministry of Finance aggregates the data received from all reporting units (budgetary entities) for each sub-sector.

Direct data sources used in compilation of annual and quarterly financial accounts are the trial balances survey, the report on the execution of the State budget (consolidated fiscal programme) and Government debt statistics. The information is divided into sub-sectors. The Trial balances provide detailed book-keeping information on stocks and flows on an accrual basis. Up to 2005 the information was annual; since 2006 quarterly. The Report on the execution of the State budget provides information on transactions by the government entities on a cash basis. Information on Government debt stocks, domestic and foreign, is obtained from the Government debt statistics. The information from direct sources concerns the financial instruments currency, securities other than shares, loans, shares and other equity and other accounts receivable/payable.

8.3.2 Currency and deposits (F.2)

Valuation – see section 8.1.1.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.21 Currency	CG	BNB RoW (foreign currency)	BS: Cash
AF.21 Currency	LG	BNB RoW (foreign currency)	BS: Cash
AF.21 Currency	SSF	BNB RoW (foreign currency)	BS: Cash

There are two sources of data available for Transferable deposits (AF.22): balance sheets of General Government sub-sectors provided by the MoF; bank sector statistics provided by BNB.
Since the BNB statistics are more detailed and comply better with the ESA 95 classification, data for AF.22 are drawn from the latter. For each sub-sector, the amount of overnight deposits held in MFIs is recorded as AF.22 against the respective sub-sector issuer: S.121-CB and S.122-OMFI. Concerning these assets for RoW as a debtor sector the information is drawn from trial balances for respective sub-sectors of General Government.

The same data sources as for AF.22 are available for Other deposits (AF.29). Bank sector statistics provide data for two relevant types of deposits, "Time deposits" and "Restricted deposits", distinguished from overnight (sight) deposits. For each sub-sector, the data entry for AF.29 is obtained as a sum of these two types of deposits and the respective entries are recorded against S.121-CB and S.122-OMFI as counterpart issuers sub-sectors. Concerning these assets for RoW as a debtor sector the information is drawn from trial balances for respective sub-sectors of General Government.

ii) Liabilities
Not applicable.

8.3.3 Securities other than shares (F.3)

Valuation – see section 8.1.2.

i)Assets

Data entries for AF.331 are drawn from the amounts reported in item "State/Municipal securities" provided in the trial balances by the MoF for each sub-sector. These amounts are broken down by maturity and issuer (Central or Local Government) on the basis of relevant disaggregated balance sheets data available from the MoF.
Concerning AF.332, there are two aggregated asset items that can provide relevant data: "State/Municipal securities" and "Bonds and other securities". Disaggregated balance sheets in the trial balances allow a breakdown for the following four issuer (sub-) sectors: S.111-NFC, S.1311-CG, S.1313-LG and S.2-RoW.
The liabilities side of the IIP provides additional data for the final adjustment of General Government holdings of both short and long term debt securities issued by non-residents. The amounts available are totals for the sector but can be considered as accounted by the Central

Government. As priority was given to the BNB statistics, the IIP is used as a primary source for this data entry.

ii) Liabilities
Short-term debt securities (AF.331) are issued only by the Central Government sub-sector (e.g. various types of treasury bills). There are three appropriate data sources available for this item:

- Debt department of MoF provide data included in the EDP report;
- Domestic sector statistics;
- Statistics on the IIP provided by BNB.

The government debt statistics provide total amounts of AF.331 and AF.332 outstanding at the end of respective year, broken down by General Government sub-sectors.
Information coming from domestic sector statistics allow for direct identification of counterpart data entries for the holdings in both short and long term debt securities issued by each sub-sector.
The holding of non-residents in both AF.331 and AF.332 can be found in the IIP where it is attributed to the whole sector. They are estimated at market value by BNB.

Derivatives (AF.34) - Disaggregated balance sheets data in the trial balances allow for information on derivatives. For 2002, stocks and flows of privatisation vouchers are treated as derivatives, in accordance with ESA95 MGDD. These instruments are quoted on the Bulgarian Stock Exchange and the amount valued in market prices. All primary data for privatisation vouchers (broken down by issuer and holder) are received from the Central Depository.

8.3.4 Loans (F.4)
Valuation – see section 8.1.3.

i) Assets
The trial balance sheets of General Government sub-sectors contain disaggregated items allowing the estimation of data. Both short- and long-term loans, reported for each sub-sector, are recorded against the following debtor sectors: S.11, S.14, S.15, S. 2.
ii) Liabilities
Three data sources are used for the recording of loans (AF.41 and AF.42) issued by General Government sub-sectors:
1. The General Government debt statistics provide total amount of loans broken down by sub-sector.
2. The Bank sector statistics provide data for loans issued by S.121-BNB and S.122-OMFI to each sub-sector. Priority is given to this data source.
3. IIP statistics provide data for assets of S.2-RoW in AF.41 and AF.42. These amounts can reasonably be assigned to Central Government.

8.3.5 Shares and other equity (F.5)

Valuation – see section 8.1.4

i) Assets
Instrument includes categories AF.511, AF.512 and AF.513 (quoted unquoted shares and other equity). The stocks of category other equity also comprise own funds of the BNB.

Concerning recording of transactions of BNB in annual financial accounts the recommendations of MGDD was applied.

ii) Liabilities

In the instrument AF.5 are included shares and other equity of the public hospitals controlled by the central and local government.

8.3.6 Insurance technical reserves (F.6)

i) Assets

For more information see paragraph 8.2.5.5.

ii) Liabilities

Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Valuation – see section 8.1.6.

i) Assets

In the balance sheets and trial balance of General Government sub-sectors there are the direct source of data for recording of trade credit and advances for domestic and RoW sectors. The disaggregated trial balance sheet assets items of Other accounts receivables and payables allow to identify directly data entries for the General Government sub-sectors. After some adjustments the recording of stocks and transactions for taxes and social contributions on the basis of cash time-adjusted method in annual financial accounts will be implemented in 2009.

ii) Liabilities

Relevant balance sheet items and trial balance accounts are used also for recording of the amounts for trade credits and advances. The respective balance sheet liability items are used for the recording of other accounts payable by General Government sub-sectors to creditor sectors. Data entries are also obtained for the asset and liabilities between General Government sub-sectors and RoW sector.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

S.14 Households

Currently, there are no primary data sources concerning households. All data recorded for the financial account of this sector are drawn from counterpart information. However, in 2007 and 2008 the questionnaires were amended in order to extend existing household survey and some specific breakdown of the indicators by counterpart institutional sector were included.

S.15 Non-profit Institutions Serving Households (NPISH)

8.4.1 Currency and deposits (F.2)

Valuation – see section 8.1.1.

i) Assets

Data entry	Asset of	Liability of	Relevant data source

AF.21 Currency	NPISH	BNB RoW (foreign currency)	BS: Cash

Deposits - In general there are two sources of data available for this item - balance sheets of NPISH (standardized questionnaires) and bank sector statistics provided by BNB. The amount of overnight deposits held in MFIs is recorded as counterpart data in AF.22. The same data are available for "Time deposits" and "Restricted deposits" as counterpart issuers sectors.

ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)
Valuation – see section 8.1.2.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.332 Securities other than shares: long term	NPISH	CG	BS- NPISH: Treasury bills
AF.332 Securities other than shares: long term	NPISH	NFC (Till 2007 by assumption)	BS- NPISH: Bonds, Other documents and rights

ii) Liabilities
Not covered for this sector.

8.4.3 Loans (F.4)

Valuation – see section 8.1.3.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.41 Loans: short term	NPISH	NFC	BS: NPISH- Trade loans
AF.42 Loans: long term	NPISH	NFC	BS: NPISH- Trade loans

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF.41 Loans: short term	NPISH	OMFI	Monthly Sectoral Survey of BNB
AF.41 Loans: short term	NPISH	OFI	BS: NPISH- Other loans
AF.41 Loans: short term	NPISH	NFC (by assumption)	BS: NPISH –Trade loans
AF.42 Loans: long term	NPISH	OMFI	Monthly Sectoral Survey of BNB
AF.42 Loans: long term	NPISH	OFI	BS: NPISH- Other loans
AF.41 Loans: long term	NPISH	NFC (by assumption)	BS: NPISH –Trade loans

8.4.4 Shares and other equity (F.5)

Valuation – see section 8.1.4.

8.4.5 Insurance technical reserves (F.6)

i) Assets
For more information of AF.62 see paragraph 8.2.5.5.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Valuation – see section 8.1.6.

Data entry	Asset of	Liability of	Relevant data source
AF.71 Trade credits and advances	NPISH	NFC (by assumption)	BS-NPISH

Data entry	Liability of	Asset of	Relevant data source
AF.71 Trade credits and advances	NPISH	NFC	BS-NPISH

Data entry	Asset of	Liability of	Relevant data source
AF.79 Other accounts receivable and payable	NPISH	NFC (by assumption)	BS-NPISH

Data entry	Liability of	Asset of	Relevant data source
AF.79 Other accounts receivable and payable	NPISH	NFC (by assumption)	BS- NPISH

8.5 Rest of the world (S2)

This sector consists of all non-resident institutional units that enter into transactions with resident units or have other economic links with resident units. The definition is in principle identical to that used by the Bulgarian Central Bank for establishing the BOP and IIP. Elaboration of the financial account for the RoW relies on three main data sources:

1) data published by the BNB on the BOP (transactions) and IIP (stocks). All stocks and flows are broken down by counterpart sectors, according to the requirements of the fifth edition of the IMF BOP Manual;
2) counterpart information included in the banking statistics also published by the BNB;
3) counterpart information contained in the standardised questionnaires for other (sub)sectors and, specifically, trial balances for general government, etc.

8.5.1 Monetary gold and SDRs (F.1)

Assets/ Liabilities
Not applicable.

8.5.2 Currency and deposits (F.2)

Valuation – see section 8.1.1.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF22 Transferable deposits	RoW	OMFI	Monthly Sectoral Survey of CB: Overnight deposits[21]
AF29 Other deposits	RoW	OMFI	Monthly Sectoral Survey of CB: Time deposits and Restricted deposits

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF21 Currency	RoW	All sectors	Counterpart information
AF22 Transferable deposits	RoW	All sectors	Counterpart information
AF29 Other deposits	RoW	All sectors	Counterpart information

8.5.3 Securities other than shares (F.3)

Valuation – see section 8.1.2.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.331/332 Securities other than shares: long–term and short-term	RoW RoW	CG All sectors except for sectors which cannot issue these instruments	IIP and relevant data sources
AF.34	RoW	Mainly NFC, OMFI, CG	Compensation payments are classified in AF.34 on Eurostat's recommendation

i) Liabilities

Data entry	Liability of	Assets of	Relevant data source
AF331 Securities other than shartes – short-term	RoW	BNB, OMFI CG, NFC (by assumption)	IIP and counterpart information (cross-check is made)
AF332 Securities other than shares: long-term	RoW	BNB, OMFI CG, LG, NFC (by assumption), INS	IIP and counterpart information (cross-check is made)

[21] It is assumed that in the 'Currency and deposits' category of IIP (F2) only deposits are included (as BGN circulating outside Bulgaria is extremely difficult to estimate). Hence, no figures for BGN currency held by the RoW. This issue will be investigated further in the future.

8.5.4 Loans (F.4)

Valuation – see section 8.1.3.

i) Assets

Data entry	Assets of	Liability of	Relevant data source
AF.41 Short–term loans	RoW	NFC , BNB, OMFI	IIP and other accounts (cross-check is made)
AF.42 Long–term loans	RoW	BNB, OMFI, CG, LG, SSF Other sectors	IIP other accounts (cross-check is made)

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
F41 Short-term loans	RoW	OMFI, NFC (mainly)	IIP other accounts
AF42 Long-term loans	RoW	OMFI, NFC (mainly)	IIP other accounts

8.5.5 Shares and other equity (F.5)

Data entry	Liability of	Assets of	Relevant data source
AF.513 Other equity	RoW	All sectors	Information drawn from statistical database (by assumption in this sub category).

8.5.6 Insurance technical reserves (F.6)

i) Assets
For more information see paragraph 8.2.5.5.
ii) Liabilities
Not applicable.

8.5.7 Other accounts receivable and payable (F.7)

Valuation – see section 8.1.6.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.71 Trade credits and advances	RoW	NFC ,CG, LG	IIP, Other accounts receivables from relevant data sources
AF.79 Other accounts receivable	RoW	BNB, OMFI, CG, NFC	IIP, Other accounts receivables from relevant data sources

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF71 Trade credits and advances	RoW	CG, LG, SSF NFC	IIP, Other accounts payable from relevant counterpart data sources

AF79 Other accounts payable	RoW	BNB, OMFI, NFC	IIP, Other accounts payable from relevant counterpart data sources

8.5.5 Shares and other equity (F.5)

Data entry	Liability of	Assets of	Relevant data source
AF.513 Other equity	RoW	All sectors	Information drawn from statistical database (by assumption in this sub category).

8.5.6 Insurance technical reserves (F.6)

i) Assets
For more information see paragraph 8.2.5.5.
ii) Liabilities
Not applicable.

8.5.7 Other accounts receivable and payable (F.7)

Valuation – see section 8.1.6.

i) Assets

Data entry	Asset of	Liability of	Relevant data source
AF.71 Trade credits and advances	RoW	NFC ,CG, LG	IIP, Other accounts receivables from relevant data sources
AF.79 Other accounts receivable	RoW	BNB, OMFI, CG, NFC	IIP, Other accounts receivables from relevant data sources

ii) Liabilities

Data entry	Liability of	Asset of	Relevant data source
AF71 Trade credits and advances	RoW	CG, LG, SSF NFC	IIP, Other accounts payable from relevant counterpart data sources
AF79 Other accounts payable	RoW	BNB, OMFI, NFC	IIP, Other accounts payable from relevant counterpart data sources

Chapter 4. Annual financial accounts sources and methods: Czech Republic

1. Institutional arrangements

The Czech Statistical Office (CZSO) is responsible for the compilation of financial accounts on an annual basis. The Annual National Accounts Department compiles and publishes the financial accounts. It comprises four units. The Sector Accounts Unit (6 persons) is responsible for compiling sector accounts as a whole. Non-financial Assets Unit (6 persons) is responsible for non-financial assets (stocks, acquisitions, revaluation, other changes). Financial Accounts Unit (5 persons) is responsible for balancing of financial assets (stocks, flows, other changes, revaluation) in all sectors (except S.13). All government accounts (quarterly and annual) are compiled in Government Accounts unit which is a part of Quarterly National Accounts Department. Sector Table Units (10 persons) is liable, i.a., for input-output tables compilation. The CZSO´s Annual National Accounts Department is responsible for the methodology of the annual financial accounts and quarterly financial accounts in the case of the government accounts.

The Central Bank compiles quarterly national accounts for all sectors except S.13 which is taken over from CZSO. The Central Bank and The Czech Statistical Office hold regular meetings and analyse the differences between CZSO´s annual and central bank´s quarterly national accounts. There are regular deliveries of data from CNB to CZSO and vice versa.

2. Publication

Financial accounts are published in the "Statistical Yearbook" (semi-definitive version and definitive version). On the web presentation of CZSO, the most recent version of annual accounts is published according to the following timetable: preliminary (t+9 months), semi-definitive (t+18) and definitive (t+24).

3. Production cycle

The financial accounts are produced as an integral part of the yearly compilation cycle of the National Accounts. Every cycle and publication involves compilation of three consecutive years; t (preliminary), t-1 (semi-definitive version), and t-2 (revision of semi-definitive version). In preliminary version the National Accounts are compiled at the level of main sectors (S11, S12, S13, S14, S15, S2), from preliminary version of year 2007. The exception is sector S13. The General Government is compiled also at the level of sub-sectors in this version.

4. Balancing the accounts

Each item of financial accounts is balanced in separate tables recording stocks, flows, revaluation and other changes separately.
In the case of stocks, the year-to-year changes are checked.
Economic relations that cannot occur in reality are excluded before the process of balancing.
Separate estimation of exchange-rate gains and losses is made in the case of relation of residents to non-residents.
In the process of balancing further supportive data sources are also used such as detailed banking statistics (with counterparties); results of balancing are compared with other

administrative data sources (database of central bank, associations of financial institutions, etc.).
Because of credibility of data sources, item AF.9 is balanced at the conclusion.

Net lending/net borrowing (B.9n), as a result of non-financial accounts, is guideline for balancing of the financial account and the item B.9f. Hence CZSO publishes no statistical discrepancy between non-financial and financial accounts, i.e. B.9f is fully adjusted to B.9n.

5. Consolidation issues

We have consolidated data for the Government Sector from 2002 and for the Financial Corporations from 2005. For Financial Corporations, we compile the consolidated data in semi-definitive and definitive version (not in preliminary version).

6. Plausibility checks

Year-to-year changes are checked within the process of balancing. Alongside it, there are many control mechanisms of balancing in the balancing tables and in sector tables. These controls comprise horizontal and vertical control of items and accounts - any imperfection can be immediately seen in control summations.

7. Ongoing or planned changes to FA production

First experimental calculation of real and neutral holding gains or losses was published in October 2008. Improvements in the revaluation accounts, in this connection, are planned, especially application of more accurate data on denomination in different currencies. In the process there is intensive cooperation with CNB on financial statistics methodology.
CZSO also plans the compilation of financial statistics for sub-sectors of households sectors.

8. Sources and methods by institutional sector and financial instrument

The main sources for compiling the National Accounts are from statistical surveys (S.14, S.15, S12, S.11). Also used are the annual reports of big companies, sources from the Central Bank (balance sheet and income statement for central bank and for the banks), and Balance of Payments for compiling S.2.

8.1 Non-financial corporations (S.11)

Sector S.11 covers joint stock companies, limited companies, co-operatives (e.g. agricultural), 'generally beneficial companies' and further state corporations, the Market Regulation Fund, the Czech Radio and Television, The Czech Railways and semi-budgetary organisations (on 50% criterion) and so on, engaged in production goods or non-financial services. 'Generally beneficial companies' are special companies with market or non-market output. The classification of such institutional units between sector S.11 and S.15 is carried out when the identification number is registered by the Czech Statistical Office and recorded in the CSO´s Register of economic entities, too. The classification is based on information from the Business Register.
The main statistical source is statistical surveys.

8.1.1 Currency and deposits (F.2)

i) Assets
Data sources are statistical questionnaires; in the process of balancing of the item F.2 the banking statistics and balance of payments are also used.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

According to the accounting system, financial derivatives are counted as other claims/liabilities (AF.7). So, we do not have exact information about financial derivatives (AF.34) from this source. The amount is estimated.

Assets/ Liabilities
Data from statistical questionnaires are used, as well as banking statistics, government statistics, balance of payments statistics and other administrative sources (such as stock exchange, annual reports, etc.).

8.1.3 Loans (F.4)
The main source for inter-company loans is banking statistics compiled by central bank, statistical questionnaire and additional estimations.

8.1.4 Shares and other equity (F.5)

Assets/ Liabilities
Quoted shares are revalued to market value according to complementary information from Prague stock exchange. Revaluation of unquoted shares is not possible for the time being, due to insufficient information.
Information on counterpart sectors is also used. Balance sheets and the statistical questionnaires are basic sources.

8.1.5 Insurance technical reserves (F.6)

i) Assets
Basic source is an annual statistical questionnaire for insurance companies.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

i) Assets
Administrative data (balance sheets) is basic source and the annual statistical questionnaires are important complementary sources. The obtained information is divided (both assets and liabilities) between “trade credits and advances” and “other accounts receivable / payable”.
ii) Liabilities
Administrative data (balance sheets) is basic source and the annual statistical questionnaire is used as complementary source.

8.2 Financial corporations (S.12)

Financial corporations (S.12) are all corporations and quasi-corporations which are principally engaged in financial intermediation (financial intermediaries) and/or in auxiliary financial activities (financial auxiliaries).

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank. We compile national accounts at the basic of annual report and statistical survey.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Recording of monetary gold and SDRs is fully based on the information provided by central bank.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

For both assets and liabilities, data sources are statistical questionnaire, banking statistics, balance of payments and annual reports.

8.2.1.3 Securities other than shares (F.3)

i) Assets
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).
ii) Liabilities
Banking statistics, annual report.

8.2.1.4 Loans (F.4)
The main source for inter-company loans is banking statistics compiled by central bank, statistical questionnaire and additional estimations.

i) Assets
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).
ii) Liabilities
Not applicable in short-term loans.

8.2.1.5 Shares and other equity (F.5)

i) Assets
The amount of quoted shares is recorded according to statistical questionnaire and bank statistics.
ii) Liabilities
No shares and other equity (stocks, transactions etc.) have been recorded.

8.2.1.6 Insurance technical reserves (F.6)

i) Assets
Basic source is an annual statistical questionnaire for insurance companies.
ii) Liabilities
Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

i) Assets
Administrative data (balance sheets) is basic source and the annual statistical questionnaires are important complementary sources. The obtained information is divided (both assets and liabilities) between "trade credits and advances" and "other accounts receivable / payable".
ii) Liabilities
Administrative data (balance sheets) is basic source and the annual statistical questionnaire is used as complementary source.

8.2.2 Other monetary financial institutions (S.122)

The sub-sector covers banks, mortgage banks, building savings banks and co-operative savings banks.

The problem of 'transformation institutions' is no longer relevant. These 'transformation institutions' (Consolidation Bank, Czech Collection Company, Czech Financial Company) are classified in the general government sector, as government units – from 2000.
The main statistical source is a statistical survey, and for compiling financial accounts we use annual reports of the banks.

8.2.2.1 Currency and deposits (F.2)

In the case of both assets and liabilities, statistical questionnaire and banking statistics are used.

8.2.2.3 Securities other than shares (F.3)

According to the accounting system, financial derivatives are counted as other claims/liabilities (AF.7). So, we do not have exact information about financial derivatives (AF.34) from this source. The amount is estimated.

i) Assets/ Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).

8.2.2.4 Loans (F.4)
The main source for inter-company loans is banking statistics compiled by central bank, statistical questionnaire and additional estimations.

Assets/ Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).

8.2.2.5 Shares and other equity (F.5)

i) Assets
Quoted shares are revalued to market value according to complementary information from Prague stock exchange. Revaluation of unquoted shares is not possible for the time being, due to insufficient information. Information on counterpart sectors is also used. Balance sheets and the statistical questionnaires are basic sources.
ii) Liabilities
There are no quoted shares in this sector. The unquoted shares and other equity are recorded according to bank statistics and statistical questionnaires.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Basic source is an annual statistical questionnaire for insurance companies.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

i) Assets
Administrative data (balance sheets) is basic source and the annual statistical questionnaires are important complementary sources. The obtained information is divided (both assets and liabilities) between "trade credits and advances" and "other accounts receivable / payable".
ii) Liabilities
Administrative data is basic source and the annual statistical questionnaire is used as complementary source.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 covers investment funds and companies, corporations principally engaged in financial leasing or hire purchases, security dealers on own account, holding corporations.
The main statistical source are statistical surveys: Investment Funds, Investment Corporation, Security and derivate dealers – on own account; – corporations engaged in financial leasing and the others.

8.2.3.1 Currency and deposits (F.2)

i) Assets
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).
ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)
According to our accounting system, financial derivatives (AF.34) are counted as other claim/liabilities (AF.7). So, we do not have exact information about financial derivatives (AF.34) from our source. We estimate the amount of this item.

i) Assets
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).
ii) Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports, stock exchanges).

8.2.3.3 Loans (F.4)
The main source for inter-company loans is banking statistics compiled by central bank, statistical questionnaire and additional estimations.

Assets/ Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports, stock exchanges).

8.2.3.4 Shares and other equity (F.5)

i) Assets
Quoted shares are revaluated to market value according to complementary information from Prague stock exchange. Revaluation of unquoted shares is not possible for this time, due to insufficient information. Information on counterpart sectors is also used. Balance sheets and the statistical questionnaires are basic sources.
ii) Liabilities
There are no quoted shares in this sector. The unquoted shares and other equity are recording according to bank statistics and statistical questionnaires.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
Basic source is an annual statistical questionnaire for insurance companies.
ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

i) Assets
Administrative data (balance sheets) is basic source and the annual statistical questionnaires are important complementary sources. The obtained information is divided (both assets and liabilities) between “trade credits and advances” and “other accounts receivable / payable”.
ii) Liabilities
Administrative data (balance sheets) is basic source and the annual statistical questionnaire is used as complementary source.

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers financial consultants, security brokers, the Centre of Securities, associations of financial companies. Financial auxiliaries are legal persons and they are incorporated into the financial accounts. Statistical questionnaire includes information on non-financial flows, financial transaction and information on balance sheet, too.

The main statistical source is a statistical survey on Security and derivative dealers.

8.2.4.1 Currency and deposits (F.2)

i) Assets
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

According to our accounting system, financial derivatives (AF.34) are counted as other claim/liabilities (AF.7). So, we do not have exact information about financial derivatives (AF.34) from our source. We estimate the amount of this item.

i)Assets
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports, stock exchanges).
ii) Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).

8.2.4.3 Loans (F.4)
The main source for inter-company loans is banking statistic compiled by central bank, statistical questionnaire and additional estimations.

Assets/ Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).

8.2.4.4 Shares and other equity (F.5)

i) Assets
Quoted shares are revalued to market value according to complementary information from Prague stock exchange. Revaluation of unquoted shares is not possible for the time being, due to insufficient information. Information on counterpart sectors is also used. Balance sheets and the statistical questionnaires are basic sources.
ii) Liabilities
There are no quoted shares in this sector. The unquoted shares and other equity are recording according to bank statistics and statistical questionnaires.

8.2.4.5 Insurance technical reserves (F.6)
The main resource is data from statistical survey (insurance companies and pension funds) and Balance sheet and Balance of payments which are regularly sent by central bank.

i) Assets
Basic source is an annual statistical questionnaire for insurance companies.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

i) Assets
Administrative data (balance sheets) is basic source and the annual statistical questionnaires are important complementary sources. The obtained information is divided (both assets and liabilities) between "trade credits and advances" and "other accounts receivable / payable".
ii) Liabilities
Administrative data (balance sheets) is basic source and the annual statistical questionnaire is used as complementary source.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 covers insurance companies (statistical survey) and pension funds (statistical survey). Insurance companies are corporations engaged in life and non-life insurance.
Pension funds provide additional pension insurance with government contribution. This insurance is organised on voluntary basis. There are 8 autonomous pension funds, with autonomy of decision and keep a complete set of accounts.

8.2.5.1 Currency and deposits (F.2)

i) Assets
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

According to our accounting system, financial derivatives (AF.34) are counted as other claim/liabilities (AF.7). So, we do not have exact information about financial derivatives (AF.34) from our source. We estimate the amount of this item.

Assets/ Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports, stock exchange).

8.2.5.3 Loans (F.4)
The main source for inter-company loans is banking statistics compiled by central bank, statistical questionnaire and additional estimations.

Assets/ Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports).

8.2.5.4 Shares and other equity (F.5)

i) Assets
Quoted shares are revalued to market value according to complementary information from Prague stock exchange. Revaluation of unquoted shares is not possible for this time, due to

insufficient information. Information on counterpart sectors is also used. Balance sheets and the statistical questionnaires are basic sources.
ii) Liabilities
There are no quoted shares in this sector. The unquoted shares and other equity are recorded according to bank statistics and statistical questionnaires.

8.2.4.5 Insurance technical reserves (F.6)

Assets/ Liabilities
Basic source is an annual statistical questionnaire for insurance companies.

8.2.5.6 Other accounts receivable and payable (F.7)

i) Assets
Administrative data (balance sheets) is basic source and the annual statistical questionnaires are important complementary sources. The obtained information is divided (both assets and liabilities) between "trade credits and advances" and "other accounts receivable / payable".
ii) Liabilities
Administrative data (balance sheets) is basic source and the annual statistical questionnaire is used as complementary source.

8.3 General Government (S.13)

General government (S.13) is defined in accordance with ESA 95.

Sub-sector S.1311 covers Central budgetary organisations and 7 state extra-budgetary funds; Public Universities; Central semi-budgetary organisations managed by central authorities (classified on basis of 50% rule); PPP Centre: Railway Infrastructure Administration (SZDC); Transformation institutions,; and Public Research Institutes (since 2007).

Sub-sector S.1313 covers Local budgetary organizations (i.e. Regional Offices, Town Offices, Regional Councils of Regions Coherence, Municipalities, and Voluntary Associations of Municipalities), and Local semi-budgetary organizations (classified in S.1313 in compliance with the 50% criterion).

Sub-sector S.1314 covers Health insurance companies administrating public health insurance and non-profit institutions serving to the health insurance companies. Their receipts are mostly from compulsory health insurance contributions paid by employers, employees and self-employed persons.

All data on financial transactions are from annual direct financial statements or statistical survey; they are based primarily on information from the balance sheets.

For S.1311 and S.1313, MOF provides to the CZSO data for:

- Central and local budgetary organisations, i.e. Revenue and expenditure statements for groups of the units in an aggregated form split by subsector and by budgetary classification item and balance sheets
- Central and local semi-budgetary organisations, i.e. Profit and loss statements and balance sheets for the groups of the units split by sub-sector, item of statements.
- State funds, i.e. Revenue and expenditure statements and balance sheets in an individual form;

- Final State Budget (Budget Reporting).

Data on financial flows and stocks for public universities, public research institutes and health insurance companies are primarily from statistical questionnaires. Only the Ministry of Education provides annual financial statements and the MOF some selected items and balance sheets for health insurance companies. Other central government units provide their financial statements and Annual Final Reports.

For S.1314, annual statistical questionnaire is a basic source. The CZSO uses also data from the "financial statements" (including annual Final report), however only as a supplementary source and for the check. The basic source is not fully satisfactory because the health insurance companies use a special accounting system.

Other data sources: The MoF provides

- data on issued Treasury bills, long-term debt securities and on swaps operations, data on accrual interests and data on revaluation of debt securities to market value
- a semi-annual Report on State Budget Performance of the Czech Republic.

The central bank provides data

- on deposits and loans split by sector from the banking statistics
- on stocks of financial assets/liabilities (split by sector only partially) from the Balance of Payments
- for financial institutions (quarterly data) classified in sub-sectors S.121 – S.125 used as an indirect source for the general government sector.

8.3.2 Currency and deposits (F.2)

i) Assets
The CZSO has started to use quarterly statistics on deposits, loans and interest split by institutional sector, which are published by the Czech National Bank. This Money and Banking Statistics is used as a complementary source. The reason for this adjustment is the fact that some government units (in particular some budgetary organisations) record deposits incorrectly as receivables/payables.
ii) Liabilities
Source is balance sheet of governmental units and statistical questionnaire for S.1314.

8.3.3 Securities other than shares (F.3)

The CZSO use monthly data on state securities from the Ministry of Finance, i.e. treasury bills and bonds, long-term securities other than shares issued by the Ministry of Finance. The CZSO can use this complementary source notably for consolidated accounts.

Financial derivatives are not included as separate item in data sources. They are recorded by units as one item together with Other securities. They need to be transferred at the balancing process according to complementary source (Balance sheet of the former National Property Fund etc.)

i) Assets
Source is balance sheet of governmental units and statistical questionnaire for Social Security Funds.

ii) Liabilities
Source is balance sheet of governmental units and statistical questionnaire for Social Security Funds and complementary information on accrual interest connected with short-term and long-term securities.

8.3.4 Loans (F.4)

i) Assets
Source is balance sheet of governmental units and statistical questionnaire for Social Security Funds.
ii) Liabilities
Source is balance sheet of governmental units and statistical questionnaire for Social Security Funds plus complementary adjustments in S.1311 (complementary data of MoF on stocks and revaluation of state guarantees, financial leasing for all subsectors etc.)

8.3.5 Shares and other equity (F.5)

i) Assets
Quoted shares are revalued to market value according to complementary information from Prague stock exchange. Revaluation of unquoted shares is not possible at this time, due to insufficient information.
F.513 – source for government shares in S.11 is balance sheet of semi-budgetary organizations from S.11 and statistical questionnaire for state enterprises in S.11.
ii) Liabilities
Not applicable

8.3.6 Insurance technical reserves (F.6)

i) Assets
Source is statistical questionnaire for government units.
ii) Liabilities
Not applicable

8.3.7 Other accounts receivable and payable (F.7)

Both assets and liabilities are partially compiled with a breakdowns for (A)F.71 and (A)F.79, but they are not published. Partial information on stocks and transactions for (A)F.71 and (A)F.79 are available. Data for S.1311 and S.1313-4 are obtained from sector source.

i) Assets
Source is balance sheet of government units (statistical questionnaire for S.1314) supplemented with data on arrears from taxes, accrual receivables of the Czech Social Security Administration etc.
ii) Liabilities
Source is balance sheet of governmental units and statistical questionnaire for S.1314.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Sector S.14, Households, includes natural persons doing business in compliance with the Trade Act, self-employed farmers and natural persons doing business according to other acts and individual consumers.

Main data source on natural persons is statistical survey carried out by the Czech Statistical Office. Other data sources are used too, e.g. data from income tax returns from the Ministry of Finance. The distinction between sectors S.14 Households and S.11 Non-financial corporations raises difficulties because some units should be classified in S.11 (as quasi-corporations). Furthermore, the households sector is not split in sub-sectors.

Sector S.15 includes political parties, trade unions, churches, foundations, associations, sport or recreational clubs, professional chambers, generally beneficial companies etc. Data source is statistical survey organized by Statistical Office. S.15 is composed of small non-profit institutions (less than 20 employees) and non-profit institutions with more than 20 employees. Some of units should be classified into non-financial corporations (as non-profit institutions serving non-financial institutions above all) or general government sector. However, information is not available at this time.

Information on non-profit institutional units is obtained only from annual statistical survey which is organised as sample survey. Minor exceptions to this rule are political parties because information is obtained on them from financial statements (i.e. not only from statistical survey). As far as statistical survey is concerned, special department of the Czech Statistical Office executes grossing up on full population. The Czech National Bank provides information on deposits, loans and interest of S.15. Information on number of established units is obtained from the Ministry of Interior.

8.4.1 Currency and deposits (F.2)

i) Assets
Data sources are central bank's sources and annual statistical questionnaire.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

According to the accounting system, financial derivatives are counted as other claims/liabilities (AF.7). So, we do not have exact information about financial derivatives (AF.34) from this source. The amount is estimated.

i) Assets/ Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports, stocks exchange).

8.4.3 Loans (F.4)

The main source for inter-company loans is banking statistics compiled by central bank, statistical questionnaire and additional estimations.

Assets/ Liabilities
Statistical questionnaire and administrative sources (banking statistics, balance of payments, annual reports, stock exchange).

8.4.4 Shares and other equity (F.5)

i) Assets
Quoted shares are revalued to market value according to complementary information from Prague stock exchange. Revaluation of unquoted shares is not possible for this time, due to insufficient information. Information on counterpart sectors is also used. Balance sheets and the statistical questionnaires are basic sources.
ii) Liabilities
No shares and other equity (stocks, transactions etc.) have been recorded.

8.4.5 Insurance technical reserves (F.6)

i) Assets
Basic source is an annual statistical questionnaire for insurance companies.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

i) Assets
Administrative data (balance sheets) is basic source and the annual statistical questionnaires are important complementary sources. The obtained information is divided (both assets and liabilities) between "trade credits and advances" and "other accounts receivable / payable".
ii) Liabilities
Administrative data (balance sheets) is basic source and the annual statistical questionnaire is used as complementary source.

8.5 Rest of the world (S2)

The sector includes all non-residents units (including institutions of EU and international organizations) and transfers between non-resident units and resident units.
For instance: Foreign units (non-financial corporations, banks etc.), which are principally engaged in production or finance and so on, which have residence on economic territory of the Czech Republic more than one year, are classified as resident units.
Foreign employees – workers who have job in the Czech Republic for less than one year - are treated as non-resident units.

The sector is split in to sub-sectors.

The main source of data is balance of payments (compiled by The Central Bank). Another source of data is Labour Force Survey provided by CZSO and data from the Ministry of Labour and Social Affairs - these data offer number of non-residents working in the Czech Republic and number of residents working abroad. The Ministry of Foreign Affairs provides number of residents working as a member of diplomatic missions, Institutions of the EU and International organisations. One last source is Annual questionnaire (for insurance companies and Profit and Loss account of insurance companies.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
Banking statistics.
ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

Assets/ liabilities
Administrative sources (banking statistics, balance of payments).

8.6.3 Securities other than shares (F.3)

According to the accounting system, financial derivatives are counted as other claims/liabilities (AF.7). So, we do not have exact information about financial derivatives (AF.34) from this source. The amount is estimated.

i) Assets/ Liabilities
Administrative sources (banking statistics, balance of payments, stock exchange).

8.6.4 Loans (F.4)
The main source is statistics compiled by Czech National Bank and Balance of Payments.

i) Assets/ Liabilities
Administrative sources (banking statistics, balance of payments).

8.6.5 Shares and other equity (F.5)

i) Assets
Quoted shares are revalued to market value according to complementary information from Prague stock exchange. Revaluation of unquoted shares is not possible for this time, due to insufficient information. Information on counterpart sectors is also used. Balance sheets and the statistical questionnaires are basic sources.
ii) Liabilities
There are no quoted shares in this sector. The unquoted shares and other equity are recording according to bank statistics and statistical questionnaires.

8.6.6 Insurance technical reserves (F.6)

i) Assets
Basic source is an annual statistical questionnaire for insurance companies.
ii) Liabilities
Not applicable.

8.6.7 Other accounts receivable and payable (F.7)

i) Assets
Administrative data (balance sheets) is basic source and the annual statistical questionnaires are important complementary sources. The obtained information is divided (both assets and liabilities) between “trade credits and advances” and “other accounts receivable / payable”.
ii) Liabilities
Administrative data (balance sheets) is basic source and the annual statistical questionnaire is used as complementary source.

Chapter 5. Annual financial accounts sources and methods: Denmark

1. Institutional arrangements

The annual Financial Accounts for Denmark are compiled at Statistics Denmark. The compilation is carried out at the office of Public Finances where approximately 4.5 persons are responsible for the development of methodology, compilation and dissemination. The Danish Central Bank - Danmarks Nationalbank - is responsible for the quarterly Financial Accounts. However, quarterly Financial Accounts for the General Government are compiled at Statistics Denmark.

2. Publication

The publication strategy is t+7 months for the time being. The data are available nationally on paper (News from Statistics Denmark and Statistical News) and on Internet (Stat Bank Denmark).

The annual financial accounts are available from the year 1995 and forward, both consolidated and non-consolidated. The data contains a full set of accounts with balances and flows. The flows are split up into transactions, revaluations and other changes in volume. The year 2003 and forward are published on the detailed instrument level e.g. F.511, F.512, F.513 and F.52.

3. Production cycle

When year t is produced in July (t+1), year t-1 and year t-2 are revised. In November (t+1) the same 3 years are revised and year t-2 is made final. The November revision assures a full consistency between the non-financial and financial accounts.

4. Balancing the accounts

The change between the opening balance and the closing balance are fully described by the flows, creating fully consistent financial accounts. To obtain this consistency one of the flow accounts are calculated as a residual, most often the financial transaction account. Furthermore the data are consistent with the non-financial accounts. The discrepancies that arise between the financial and non-financial accounts are incorporated in the financial accounts. However we publish a supplementary table showing the discrepancies.

5. Consolidation issues

In the annual financial accounts all sectors are published both non-consolidated and consolidated. All sectors are produced as non-consolidated and afterwards consolidated. To consolidate the sectors counterpart information from statistics on securities and MFI are used as some of the main sources. Other kinds of counterpart information are also used.

6. Plausibility checks

The data undertakes several consistency checks. First the following identities are tested automatically for all instruments:

- Opening balance + transactions + revaluations + other changes in volume = closing balance

- Sum of assets = sum of liabilities
- Closing balance at time t = Opening balance at time t+1.

Then the time series are manually tested for outliers or unexpected trends.

7. Ongoing or planned changes to FA production

We are currently in the process of changing the technical system where the annual financial accounts are produced. It is the plan that this will speed up the production cycle. Furthermore the system will be able to compare different sources and use counterpart information as a more integrated source.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Owing to the lack of adequate accounting statistics, the non-financial corporation sector is calculated as a residual by the usage of supplementary sources on, for example (un-)quoted shares and other equity, quoted securities other than shares, loans and deposits.

In connection with the delimitation of the general government sector, a number of market producing units included in the public accounting system have to be classed with the non-financial corporation sector. That is quasi-corporations, which are characterized by having output sold at a value of least 50% of their production costs and which do not have independent legal status, since the corporations are owned and supervised by the general government. Public corporations which are classified as non-financial corporations include public transportation corporations such as DSB and public owned energy companies.

8.1.1 Currency and deposits (F.2)

i) Assets
When compiling this instrument counterpart information from S.122 and S.2 is used.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Assets/ Liabilities
The main sources are securities statistics and counterpart information from S.2.

Derivatives (F.34) - It is difficult to assess whether financial derivatives in the financial sector accounting records reflect net or gross calculations. In general, financial derivatives not involving S.122 are not covered.

8.1.3 Loans (F.4)

i) Assets
Counterpart information from S.2 is the main source.
ii) Liabilities
Counterpart information from S.122 and S.2 are the main sources.

Real estate mortgage is classified under AF.4 and valued at market prices of the mortgage bonds issued.

8.1.4 Shares and other equity (F.5)

i) Assets
The main sources are statistics on quoted and unquoted shares. Furthermore counterpart information from S.2 is used.
ii) Liabilities
The main source is statistics on quoted and unquoted shares.

8.1.5 Insurance technical reserves (F.6)

i) Assets
Counterpart information from S.125 is used.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Information from the accounts statistics is used.

8.2 Financial corporations (S.12)

Derivatives (F.34) - It is difficult to assess whether financial derivatives in the financial sector accounting records reflect net or gross calculations. In general, financial derivatives not involving S.122 are not covered.

8.2.1 The Central Bank (S.121)

This sub-sector only includes Danmarks Nationalbank (the national central bank).

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
The main source when compiling this instrument is the foreign exchange reserve.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

The main sources are the annual report from Danmarks Nationalbank and MFI statistics.

8.2.1.3 Securities other than shares (F.3)

The main sources are the annual report from Danmarks Nationalbank and MFI statistics.

8.2.1.4 Loans (F.4)

The main sources are the annual report from Danmarks Nationalbank MFI statistics.

8.2.1.5 Shares and other equity (F.5)

The main sources are the annual report from Danmarks Nationalbank and MFI statistics.

8.2.1.6 Insurance technical reserves (F.6)

i) Assets
Counterpart information from S.125 is used.
ii) Liabilities
Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

The main sources are the annual report from Danmarks Nationalbank and MFI statistics.

8.2.2 Other monetary financial institutions (S.122)

Sub-sector S.122 includes mortgage banks. In Denmark special mortgage banks finance the mortgage loans. The business of the mortgage banks is to receive repayable funds from the public in the form of continuing issue of bonds and, for their own account, to grant loans – according to ESA 95 para. 2.51 the Danish mortgage banks are therefore to be classified as other monetary financial institutions. The Danish mortgage banks are of a magnitude analogous to the largest Danish banks and constitute about half of the S.122 sub-sector. The sources for compiling this sub-sector are annual reports and MFI-statistics.

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

The main sources are annual reports and MFI-statistics.

8.2.2.3 Securities other than shares (F.3)

The main sources are annual reports, MFI-statistics and data from statistics on securities.

Derivatives (F.34) - It is difficult to assess whether financial derivatives in the financial sector accounting records reflect net or gross calculations. In general, financial derivatives not involving S.122 are not covered.

8.2.2.4 Loans (F.4)

The main sources are annual reports and MFI-statistics.

Real estate mortgage is classified under AF.4 and valued at market prices of the mortgage

bonds issued.

8.2.2.5 Shares and other equity (F.5)

The main sources are annual reports and MFI-statistics.
8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Counterpart information from S.125 is used.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

The main sources are annual reports and MFI-statistics.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 covers e.g. financial leasing corporations, credit card companies, investment companies, mutual funds, venture companies, financial holding corporations and social security funds (LD and DMP and SP from 2002).

Other financial intermediaries providing financial services to one company group entirely are not included in sub-sector S.123. These units are allocated to the sector according to the function of the company group. From year 2002 the social security scheme SP is relocated from S.1314 to S.123 owing to a change of the scheme. The sub-sector is compiled on the basis of annual reports. Furthermore transverse sources like statistics on securities and loan are used.

8.2.3.1 Currency and deposits (F.2)

Information from the annual reports is used.

8.2.3.2 Securities other than shares (F.3)

Information from annual reports and statistics on securities is used to compile the instrument.

8.2.3.3 Loans (F.4)

Information from the annual report is used.

8.2.3.4 Shares and other equity (F.5)

Information from the annual reports and from statistics on shares is used.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
Counterpart information from S.125 is used.

ii) Liabilities
Not applicable.
8.2.3.6 Other accounts receivable and payable (F.7)

Information from the annual reports is used.

8.2.4 Financial auxiliaries (S.124)
Sub-sector S.124 covers e.g. the Danish Securities Centre (VP), stock market brokers, insurance brokers and data processing centre. S.124 includes financial auxiliaries based on accounting records for all major companies.

8.2.4.1 Currency and deposits (F.2)

i) Assets
Information from the annual reports is used.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

Information from the annual reports is used.

8.2.4.3 Loans (F.4)

Information from the annual reports is used.

8.2.4.4 Shares and other equity (F.5)

Information from the annual reports is used.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
Counterpart information from S.125 is used.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Information from the annual reports is used.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 covers private insurance corporations e.g. non-life insurance corporations, life insurance corporations, pension funds and re-insurance corporations. Sub-sector S.125 also includes a social security scheme (i.e. ATP) – other social security schemes (LD and DMP/SP) are, however, excluded. The sources for compiling the sub-sector are annual reports.

8.2.5.1 Currency and deposits (F.2)

i) Assets
The main source is the annual reports from the insurance corporations and pension funds.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

The main source is the annual reports from the insurance corporations and pension funds.

8.2.5.3 Loans (F.4)

The main source is the annual reports from the insurance corporations and pension funds.

8.2.5.4 Shares and other equity (F.5)

The main source is the annual reports from the insurance corporations and pension funds.

8.2.4.5 Insurance technical reserves (F.6)

The main source is the annual reports from the insurance corporations and pension funds.

8.2.5.6 Other accounts receivable and payable (F.7)

The main source is the annual reports from the insurance corporations and pension funds.

8.3 General Government (S.13)

General government (S.13) is defined in accordance with ESA 95.

Sub-sector S.1311 includes institutions financed by the State and the church - Judiciary, legislature, ministries, state church and government agencies. The general data sources for the central government are based upon monthly deliveries from Økonomistyrelsen (The Danish Agency for Governmental Management) and from yearly deliveries from the Government Accounts. The monthly deliveries are applied/used until t+6 months when the Central government accounts are received. Other sources include quoted stock values from the Nordic Exchange, OMX and data from Danmarks Nationalbank.

Sub-sector S.1313 comprises municipalities, county regions, institutions financed by local governments and local government organizations. Data for the local government is based on local government accounts. Transactions are being used until the final accounts are obtained.

Sub-sector S.1314 contains unemployment funds and employees guarantee fund. The sector also included Special Pension Fond (SP) until the end of 2001, where it was relocated into S.123. Data on the Social Security Funds in S.1314 is received on a yearly basis.

Some institutions have been reclassified inside or outside of sector S.13 - a number of market units are included in the public accounting system, so-called quasi-corporations that from an

accounting point of view belong to the corporation sectors. These are characterised by the fact that more than 50% of the production costs are covered by sales, have no independent legal status and are owned and controlled by general government. The investments of quasi-corporations are financed by general government. In Denmark, these types of corporations have historically been more important than in other European countries.

Central government debt (domestic and foreign) comes from Danmarks Nationalbank on a monthly and a quarterly basis.

Data on the Social Pensions Fund (Den Sociale Pensionsfond (DSP)) is received from Danmarks Nationalbank on a quarterly basis.

8.3.2 Currency and deposits (F.2)

i) Assets
Information regarding balances and transactions are available. Data is received from Danmarks Nationalbank on a quarterly basis.
ii) Liabilities
Data is received from the local government accounts on a quarterly basis.

8.3.3 Securities other than shares (F.3)

This financial instrument covers short-term and long-term securities.

i) Assets
Data is acquired from the Ministry of Finance and Danmarks Nationalbank.
Data on the Social Pensions Fund (Den Sociale Pensionsfond (DSP)) is received from Danmarks Nationalbank on a quarterly basis.
ii) Liabilities
Data is acquired from the Ministry of Finance and Danmarks Nationalbank.
Data on the Social Pensions Fund (Den Sociale Pensionsfond (DSP)) is received from Danmarks Nationalbank on a quarterly basis.
Money and banking statistics are used for Central government unquoted bonds from the Ministry of Finance, and Green bonds (Grønne obligationer) from the Ministry of Finance and Realkredit Danmark

8.3.4 Loans (F.4)

i) Assets
Data for the central government is obtained from the Ministry of Finance, Danmarks Nationalbank and Ã˜konomistyrelsen (The Danish Agency for Governmental Management).
ii) Liabilities
Data for the central government is obtained from the Ministry of Finance, Danmarks Nationalbank and Ã˜konomistyrelsen (The Danish Agency for Governmental Management).
Money and banking statistics are used for Local government loans from Kommunekredit (financial institution offering loans to local government),

8.3.5 Shares and other equity (F.5)

i) Assets

Valuations of central government's ownership of unquoted shares are based on the balance sheets of the corporations concerned and information from central government accounting systems on a quarterly/annual basis. Money and banking statistics are used for:

- Central government stocks and flows of quoted and unquoted shares from the Ministry of Finance and banks
- Local government stocks of shares from the Nordic Exchange (OMX)
- Social security funds stocks of shares and bonds from banks
- Quotations from the Nordic Exchange (OMX) for all the sectors.

An additional detailed account of central government purchases and sales of shares are provided by the Ministry of Finance on an annual basis.

ii) Liabilities

Not applicable

8.3.6 Insurance technical reserves (F.6)

i) Assets

Counterpart information from S.125 is used.

ii) Liabilities

Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Data covering taxes and duties is provided by the Central Customs and Tax Administration and The Danish Labour Market Supplementary Pension Scheme. Other general sources are Økonomistyrelsen (The Danish Agency for Governmental Management) and local government accounts.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Sector S.14 covers natural persons including sole proprietors. Calculations for sector S.15 are based on accounting records with partial coverage obtained specifically for financial accounts. Sector S.15 includes trade unions, political parties, charity funds, aid organisations. Sector S.14 and sector S.15 are calculated separately but published as one sector.

8.4.1 Currency and deposits (F.2)

i) Assets

S.14 - When compiling this instrument counterpart information from S.121, S.122, S.123 and S.2 are used. Furthermore information concerning use of notes and coins is received from the Central Bank. This data is split between S.14 and S.11.

S.15 - Counterpart information from S.122 is used to compile the instrument.

ii) Liabilities

Not applicable.

8.4.2 Securities other than shares (F.3)

Derivatives (F.34) - It is difficult to assess whether financial derivatives in the financial sector accounting records reflect net or gross calculations. In general, financial derivatives not involving S.122 are not covered.

i) Assets
The main sources are security statistics which is used to compile the instrument in both S.14 and S.15. Furthermore in S.14 counterpart information from S.2 and mortgage deeds from the capital statistics is used.
ii) Liabilities
The main sources for S.14 are SKAT (tax administration) and annual reports from the largest bond companies. There are no liabilities for securities other than shares in S.15.

8.4.3 Loans (F.4)
Real estate mortgage is classified under AF.4 and valued at market prices of the mortgage bonds issued.

i) Assets
S.14 - Not applicable
S.15 - Information from the annual reports is used to compile the instrument.
ii) Liabilities
The main sources in both S.14 and S.15 are counterpart information from S.122. In S.14 consumer credit statistics and the public accounts is also used.

8.4.4 Shares and other equity (F.5)

i) Assets
For S.14 the main sources are statistics on quoted shares and counterpart information from S.2 and S.123. Furthermore balance sheets from investment funds are obtained from the Danmarks Nationalbank. Unquoted shares are estimated in separate system on the basis of the recommendations by Eurostat.
For S.15 the main source are annual reports.
ii) Liabilities
Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets
The information is obtained through counterpart information from S.125 for both S.14 and S.15.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
For S.14 the information is obtained from statistics by Government Finances. For S.15 the information is obtained from the annual reports.

8.5 Rest of the world (S2)
The criteria for the classification of resident/non-resident units are similar to those of the balance of payments statistics with the exception of Faroe Islands and Greenland, which are considered foreign countries in the financial accounts. However, from mid-2000 this exception no longer applies.

The main source for compiling this sector is data from the statistics “Denmark’s external assets and liabilities” compiled by Danmarks Nationalbank.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
Only transactions in F.1 are recorded. Counterpart information from S.121 is used.
ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

The instrument is compiled on the basis of data from the MFI-statistics and from “Denmark’s external assets and liabilities”.

8.6.3 Securities other than shares (F.3)

The instrument is compiled on the basis of data from the MFI-statistics and from “Denmark’s external assets and liabilities”.

Derivatives (F.34) - It is difficult to assess whether financial derivatives in the financial sector accounting records reflect net or gross calculations. In general, financial derivatives not involving S.122 are not covered.

8.6.4 Loans (F.4)

The instrument is compiled on the basis of data from the MFI-statistics and from “Denmark’s external assets and liabilities”.

Real estate mortgage is classified under AF.4 and valued at market prices of the mortgage bonds issued.

8.6.5 Shares and other equity (F.5)

The instrument is compiled on the basis of data from “Denmark’s external assets and liabilities”.

8.6.6 Insurance technical reserves (F.6)

Counterpart information from S.125 is used.

8.6.7 Other accounts receivable and payable (F.7)

The instrument is compiled on the basis of data from “Denmark’s external assets and liabilities”.

Chapter 6. Annual financial accounts sources and methods: Germany

1. Institutional arrangements

The Deutsche Bundesbank is responsible for compiling the financial accounts. The financial accounts unit which compiles and analyses the data consists of three economists and five colleagues for statistical assistance who are also responsible for the compilation process. The unit is in close contact with the public finance department and the different statistical departments where the relevant primary statistics are produced. However these departments are not involved in the production process of the financial accounts.

Data for insurance corporations and pension funds are provided by the BaFiN (Federal Financial Supervisory Authority).

There is cooperation with the Federal Statistical Office concerning the adjustment of the net acquisition of financial assets and the saving ratio of the household sector.

2. Publication

The current dissemination of the financial accounts is as follows: the current quarterly figures are published with a press release, in the statistical annex of the monthly bulletin and on the Bundesbank homepage. The time series for all sectors and all instruments are published on the Bundesbank homepage on a quarterly basis from 1991 on. Additionally, a special statistical publication which shows in detail the yearly figures (from 1991 on) is published. This publication is usually available in June/July and is available on the Bundesbank homepage in German and English.

3. Production cycle

The quarterly financial accounts data are compiled with a time lag of t + 110 days as these data have to be transmitted to the ECB at that time.

The financial accounts are closely aligned in respect of their methodological structure with the accounts system of the Federal Statistical Office. This manifests itself in the fact that the Bundesbank's financial accounts are preceded by data on the acquisition of non-financial assets and saving of the individual sectors – data that are based on the corresponding figures of the national accounts.

The balances resulting from the acquisition of non-financial assets, on the one hand, and from saving plus capital transfers, on the other, show to what extent a sector was a net lender to or borrower from the other sectors.

These net lending or net borrowing aggregates normally correspond to the balances arising from the acquisition of financial assets and external financing of the individual sectors, the calculation of which is the centrepiece of the financial accounts.

4. Balancing the accounts

Net acquisition of financial assets of a sector is nearly always equal to net lending/net borrowing that is calculated by the Federal Statistical Office in Germany.

One exception is the sector S.14 Households & S.15 NPISH in which the Bundesbank calculates the net financial acquisition and the Federal Statistical Office adjusts the net lending/net borrowing.

The only sectors with a difference between net acquisition of financial assets and net lending/net borrowing are S.11 and S.2 because the statistical discrepancies of the Balance of Payments statistics is taken into account.

Generally the transactions are calculated as the difference of stocks between two periods. But especially for securities and foreign position there is also an account that shows valuation changes and one account that shows other changes.

Most statistical discrepancies are taken into F.7.

5. Consolidation issues

The financial accounts comprise consolidated and unconsolidated data. If financial operations are consolidated they are generally consolidated within a sector. An exception is securitised claims and liabilities and shares. Both items are shown in principal even when they are recorded as opposite entries by entities in the same sector. Credit operations between sub-sectors of the same sector, while shown at sub-sector level, are consolidated at sector level.

6. Plausibility checks

There exist consistency checks for each sector and each instrument. Moreover other economic flows and other unusual developments within the data are checked.

7. Ongoing or planned changes to FA production

We are in the process of enlarging S.123 and S.124. S.123 consists of investment funds, financial corporations engaged in lending/securities and derivatives dealers, venture capital cooperation's and financial holdings. S.124 includes business relationships between S.13 and S.124 and between S.124 and S.122.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Sector S.11 covers private limited enterprises (so-called GmbH) and public limited enterprises listed and not listed (so-called AG). Additionally, quasi-corporations: general partnerships (OHG) and limited partnerships (KG) are included.

8.1.1 Currency and deposits (F.2)

i) Assets
Data from Banking statistics and Balance of Payments.

ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Only the Balance of Payments and selected S.123 provide data on cross-border net payments in connection with financial derivatives, although these data provide no details on the domestic counterparties involved. No data are available on such transactions between domestic counterparties.

i) Assets
Stocks: Residual (Total sum for this instrument is available and also the sums of all other sectors except non-financial corporations and the household sector).
Transactions: Balance of Payments, residual.
ii) Liabilities
Data from Capital market statistics.

8.1.3 Loans (F.4)

Coverage of loans between resident NFCs: inter-company loans are available from enterprise balance sheet data. Loans between non-affiliated NFCs (i.e. where there is no ownership link between debtor and creditor) are not covered.
Source for inter-company cross-border loans granted by or to NFCs: BoP data, with a distinction between euro area and other non-resident counterparts.
Coverage of loans granted by NFCs to other sectors: there is no information on instalment loans by retailers to customers.

i) Assets
Data from Enterprise balance sheet data, Balance of Payments.
ii) Liabilities
Sources are Banking statistics, Enterprise balance sheet data and Balance of Payments.

8.1.4 Shares and other equity (F.5)

Unquoted shares (F.512) valuation: COFBV (capitalisation to own funds at book value) method is applied, with reference to the value of quoted shares, taking into account the branch of business but not taking into account differences in liquidity and reserves.
Other equity (F.513) is based on a few primary statistics but far away from a complete listing. Nominal value is used as valuation method.

i) Assets
Holdings of quoted shares, unquoted shares, other equity: resident non-financial sector holdings are calculated as residual (S.11+S.14/15 = total in issue less S.2, S.12, S.13 holdings).
ii) Liabilities
Issuance of quoted shares, unquoted shares, and other equity by sector: data from Capital market statistics.

8.1.5 Insurance technical reserves (F.6)

i) Assets
Data from Federal Financial Supervisory Authority.
ii) Liabilities
Data from Federal Statistical Office.

8.1.6 Other accounts receivable and payable (F.7)

Asset and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79
Information both on stocks and transactions for (A)F.71 and (A)F.79 are available.
Data are obtained from counterpart sector source; when the data for (A)F.71 are not available from trade flows the data rely on estimations.

i) Assets
F.71: Data from Balance of Payments (external position of banks).
F.79: Residual (Discrepancy between B.9 and B.9f is taken into account).
ii) Liabilities
F.71: Data from Balance of Payments (external position of banks).

8.2 Financial corporations (S.12)

8.2.1 The Central Bank (S.121)

Sub-sector S.121 consists of the Deutsche Bundesbank.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Data from Banking statistics.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

i) Assets
Sources are Banking statistics and Balance of Payments.
ii) Liabilities
Data from Banking statistics.

8.2.1.3 Securities other than shares (F.3)

Financial derivatives (F.34) is not covered for this sector.

i) Assets
Source: Banking statistics.
ii) Liabilities
Not applicable.

8.2.1.4 Loans (F.4)

i) Assets
Source: Banking statistics.
ii) Liabilities
Not applicable.

8.2.1.5 Shares and other equity (F.5)

i) Assets
Data from Banking statistics.
ii) Liabilities
Not applicable.

8.2.1.6 Insurance technical reserves (F.6)

Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

Asset and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79.
Information both on stocks and transactions for (A)F.71 and (A)F.79 are available.
(A)F.79 includes B.9/B.9f adjustment.
Accrued interest is included in (A)F.79 only for zero-coupon bonds.

i) Assets
Sources are Banking statistics and Balance of Payments.
ii) Liabilities
Source: Banking statistics.

8.2.2 Other monetary financial institutions (S.122)

Sub-sector S.122 consists of the credit institutions and money market funds.
Data sources are MFI reporting and NCB sources.

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

i) Assets
Currency: Banking statistics.
ii) Liabilities
Deposits: Banking statistics.

8.2.2.3 Securities other than shares (F.3)

Valuation of trading portfolio, investment portfolio, other holdings - lower of cost/market.

i) Assets
Data from Banking statistics.
ii) Liabilities
Data from Banking statistics and Capital market statistics.

Financial derivatives (F.34): In principle recording of follows ESA 95 methodology, and is reported gross. The impact of gross reporting in the weight of assets in the financial institutions has so far been negligible. Coverage does not separately identify options, warrants, futures, swaps and FRAs. Transactions are derived from stocks (except S.2). Criteria for distinguishing between assets and liabilities: allocation follows that in the data source. Negative balance sheets are not allowed. Only the BOP and selected S.123 provide data on cross-border net payments in connection with financial derivatives, although these data provide no details on the domestic counterparties involved. No data are available on such transactions between domestic counterparties.

8.2.2.4 Loans (F.4)

MFI loans are reported net of provisions.

i) Assets
Stocks : Data from Banking statistics.
Transactions: Data from Banking statistics and Balance of Payments.
ii) Liabilities
Not applicable.

8.2.2.5 Shares and other equity (F.5)

Valuation of trading portfolio, investment portfolio, other holdings - lower of cost/market.

i) Assets
Stocks: Data from Banking statistics and International Investment Position.
Transactions: Data from Banking statistics and Balance of Payments.
ii) Liabilities
Banking statistics and Capital market statistics.

8.2.2.6 Insurance technical reserves (F.6)

Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

Asset and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79.
Information both on stocks and transactions for (A)F.71 and (A)F.79 are available.
(A)F.79 includes B.9/B.9f adjustment.

MFI “remaining assets” and “remaining liabilities” are used to calculate (A)F.7. They contain matured debt securities, interest/dividend coupons, items for collection; interest accrued on zero coupon bonds; liabilities arising from refinancing of lease receivables, transactions in goods/services; miscellaneous other assets/liabilities. There is no other MFI balance sheet item used to estimate (A)F.7.

Assets/ Liabilities
Data from Banking statistics.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 covers open-end mutual funds (mainly securities based funds and open-end real estate funds), which are the most important part of this sub-sector. In 2005 data for security dealers and corporations engaged in lending and in 2009 data for financial holdings and venture capital cooperations were included. Data sources for S.123 are OFI statistics/Capital market statistics and banking supervisory Data.

8.2.3.1 Currency and deposits (F.2)

i) Assets
Stocks: Sources are Banking statistics, external position of banks.
Transactions: Sources are Banking statistics, Balance of Payments.
ii) Liabilities
Deposits: Data from Banking supervision.

8.2.3.2 Securities other than shares (F.3)

Assets/ Liabilities
Data from Banking supervision and Capital market statistics.

Financial derivatives (F.34): see section 8.2.2.3. The valuation of derivatives of security and derivative dealers (part of S.123) follows German Commercial Code, namely the lower of cost or market.

8.2.3.3 Loans (F.4)

i) Assets
Data from Banking supervision and Investment fund statistics.
ii) Liabilities
Data from Banking statistics.

8.2.3.4 Shares and other equity (F.5)

i) Assets
Data from Investment fund statistics, OFI statistics.
Planned: Security holding statistics.
ii) Liabilities
Data from Capital market statistics.

8.2.3.5 Insurance technical reserves (F.6)

Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

i) Assets
Assets: Residual.
Transactions: Residual (Discrepancy between B.9 and B.9f is taken into account).
ii) Liabilities
Residual.

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124: Official data sources for this sub-sector are not available. In 2005 balance sheet data of the German stock exchange were collected and added to financial accounts. In 2009 the data of branch of German stock exchange were included.

8.2.4.1 Currency and deposits (F.2)

Assets/ Liabilities
Data from Deutsche Börse.

8.2.4.2 Securities other than shares (F.3)

Assets/ Liabilities
Data from Deutsche Börse.

8.2.4.3 Loans (F.4)

Assets/ Liabilities
Data from Deutsche Börse.

8.2.4.4 Shares and other equity (F.5)

Assets/ Liabilities
Data from Deutsche Börse.

8.2.4.5 Insurance technical reserves (F.6)

Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Data from Deutsche Börse.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 covers insurance enterprises including autonomous pension funds that are subject to insurance supervision, as well as occupational pension funds and supplementary pension funds (for government sector employees).

8.2.5.1 Currency and deposits (F.2)

i) Assets
Currency: Data from Federal Financial Supervisory Authority and occupational pension funds.
Deposits: Data from Banking statistics, external position of banks.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

Financial derivatives (F.34) are not covered for this sector.

i) Assets
Data from securities holding statistics, Federal Financial Supervisory Authority and occupational pension funds.
ii) Liabilities
Data from Federal Financial Supervisory Authority and occupational pension funds.

8.2.5.3 Loans (F.4)

i) Assets
Data from Federal Financial Supervisory Authority and occupational pension funds and external position of banks.
ii) Liabilities
Data from Banking statistics, external position of banks.
8.2.5.4 Shares and other equity (F.5)

i) Assets
Data from Federal Financial Supervisory Authority and occupational pension funds, Capital market statistics.
ii) Liabilities
Data from Capital market statistics.

8.2.5.5 Insurance technical reserves (F.6)

i) Assets
Data from Federal Financial Supervisory Authority and occupational pension funds.
ii) Liabilities
Data from Federal Financial Supervisory Authority and occupational pension funds, Federal Statistical Office Germany.
Net equity of households in life insurance reserves (F.611): Liabilities of life insurance corporations vis-à-vis non-resident households (policy holders) cannot be estimated from (life) insurance balance sheet (and/or profit and loss accounts).
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): Liabilities of non-life insurance corporations' vis-à-vis non-residents can be estimated from insurance corporations balance sheet (and/or profit and loss accounts).

8.2.5.6 Other accounts receivable and payable (F.7)

i) Assets
Data from Federal Financial Supervisory Authority and occupational pension funds.
ii) Liabilities
Stocks: Data from Federal Financial Supervisory Authority and occupational pension funds.
Transactions: Residual (Discrepancy between B.9 and B.9f is taken into account)

8.3 General Government (S.13)

General government (S.13) includes all institutional units which are other non-market producers whose output is intended for individual and collective consumption, and mainly financed by compulsory payments made by units belonging to other sectors, and/or all institutional units principally engaged in the redistribution of national wealth or income.

Most of the data are obtained from government finance statistics. All asset positions except for deposits with banks and insurance technical reserves (F.6) are based on direct sources (mainly on public financial wealth statistics as a source for stocks and quarterly finance statistics as a source for transactions).

8.3.1 Currency and deposits (F.2)

i) Assets
Indirect data from Banking statistics.
Indirect data from Balance of Payments for deposits.
ii) Liabilities
Data from Finanzagentur Deutschland GmbH.

8.3.2 Securities other than shares (F.3)

i) Assets
Data from public financial wealth statistics.
Indirect data from public finance statistics for each social security funds.
ii) Liabilities
Data from Capital market statistics.

Financial derivatives (F.34) are covered for the sub-sectors S.1311-13. See also section 8.2.2.3.

8.3.3 Loans (F.4)

i) Assets
Stocks: Data from public financial wealth statistics.
Transactions: Data from quarterly finance statistics.
ii) Liabilities
Data from quarterly finance statistics.

8.3.4 Shares and other equity (F.5)

i) Assets
Stocks: Data from public financial wealth statistics.

Transactions: Data from quarterly finance statistics.
ii) Liabilities
Not applicable.

8.3.5 Insurance technical reserves (F.6)

i) Assets
Indirect data from Federal Financial Supervisory Authority for each sub-sector except for social security funds.
ii) Liabilities
Not applicable.

8.3.6 Other accounts receivable and payable (F.7)

Asset and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79
Information both on stocks and transactions for (A)F.71 and (A)F.79 are available.

i) Assets
Stocks: Data from public financial wealth data.
Transactions: Residual (Discrepancy between B.9 and B.9f is taken into account).
ii) Liabilities
Banking statistics
From 2002 onwards the DM-coins are reported as other accounts payable.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

In Germany NPISHs are in general not distinguished in primary statistics (except for Banking statistics).

8.4.1 Currency and deposits (F.2)

i) Assets
Data from Banking statistics.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

i) Assets
Stocks: Main source: Security holding statistics and additional indicators (e.g. International Investment Position).
Transactions: Main source: Security holding statistics and additional indicators (e.g. Balance of Payments).
ii) Liabilities
Not applicable.

8.4.3 Loans (F.4)

i) Assets
Not applicable.

ii) Liabilities
Sources: Banking statistics and Federal Financial Supervisory Authority data.

8.4.4 Shares and other equity (F.5)

i) Assets
Stocks: Main source: Security holding statistics and additional indicators (e.g. International Investment Position).
Transactions: Main source: Security holding statistics and additional indicators (e.g. Balance of Payments).
ii) Liabilities
Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets
Insurance technical reserves: Net equity of households also includes company-based direct pension commitments that are very important in Germany. Due to their importance in the German financial accounts publications we usually show this position separately from insurance technical reserves.
Data are from Federal Financial Supervisory Authority.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Asset and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79.
Information both on stocks and transactions for (A)F.71 and (A)F.79 are available.
Data are obtained from counterpart sector source.

i) Assets
Data from Balance of Payments and International Investment Position.
ii) Liabilities
Data from Federal Financial Supervisory Authority and occupational pension schemes.

8.5 Rest of the world (S2)

Sub-sectors S.21 (European Union) and S.22 (third countries and international organisations) are not distinguished within sector S.2. Data sources are Balance of Payments and International Investment Position.

8.5.1 Monetary gold and SDRs (F.1)

i) Assets
Transactions: Data from Balance of Payments.
ii) Liabilities
Not applicable.

8.5.2 Currency and deposits (F.2)

i) Assets
Main source: Banking statistics, estimation.
ii) Liabilities
Sources: External position of banks and Banking statistics.

8.5.3 Securities other than shares (F.3)

Assets/ Liabilities
Stocks: Data from International Investment Position.
Transactions: Data from Balance of Payments.
Financial derivatives (F.34): see section 8.2.2.3.

8.5.4 Loans (F.4)

Source for inter-company cross-border loans granted by or to NFCs: BoP data, distinguishing between euro area and other non-resident counterparts. There are no additional estimations.

Assets/ Liabilities
Stocks: Data from International Investment Position.
Transactions: Data from Balance of Payments.

8.5.5 Shares and other equity (F.5)
Assets/ Liabilities
Stocks: Data from International Investment Position.
Transactions: Data from Balance of Payments.

8.5.6 Insurance technical reserves (F.6)

i) Assets
Net equity of households in life insurance reserves (F.611): Liabilities of (life) insurance corporations' vis-à-vis non-resident households (policy holders) cannot be estimated from (life) insurance balance sheet (and/or profit and loss accounts).
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): liabilities of insurance corporations' vis-à-vis non-residents can be estimated from insurance corporations' balance sheet (and/or profit and loss accounts).
BOP/IIP data are not used for estimating any of the three items (A) F.611, (A) F.612 and (A) F.62.

ii) Liabilities
Not applicable.

8.5.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Stocks: Residual.
Transactions: Data from Balance of Payments.

Asset and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79.

The import and export trade credit associated with advance and progress payments are obtained from Balance of Payments source.
(A)F.79 includes B.9/B.9f adjustment.

Chapter 7. Annual financial accounts sources and methods: Ireland

1. Institutional arrangements

Primary responsibility for the production of annual financial accounts lies with the Central Statistics Office (CSO). Responsibility for some aspects is shared with the CBFSAI (Central Bank and Financial Services Authority of Ireland), which is developing quarterly financial accounts. Co-operation is organised at several levels, including regular meetings at the level of director of macro-economic accounts (CS) and head of statistics (CBFSAI), and many meetings and contacts at other levels.

Collection and primary assembly of data by surveys or from administrative records are undertaken by both institutions, responsibility being allocated broadly on the basis of institutional sectors: the CSO has the main responsibility for NFCs, for some financial corporations, for general government and for the ROW, while the CBFSAI has primary responsibility for MFIs and some other financial corporations. In the CSO, the data collection by surveys, and some of the data collection from administrative records, is mainly carried out by the Balance of Payments and Financial Sector (BOPFS) division (the surveys are in the main addressed to BOP-relevant enterprises, but collect from them information on transactions and positions vis-a-vis residents as well as non-residents).

For some sectors or sub-sectors, information is collected by both institutions (usually with different coverage, breakdowns etc). Some of these differences are being eliminated as the collection and processing of data for financial corporations is more and more being carried out as a joint operation by the CSO BOPFS division and the CBFSAI statistics department, in particular as European Central Bank (ECB) harmonised reporting systems are extended to sub-sectors of S.123.

Most data collection is quarterly, but some (notably for some NFCs) is annual.

Annual results are compiled and published nationally by the CSO, and transmitted by the CSO to Eurostat and other users. Work on the compilation of quarterly results is undertaken by the CBFSAI.

2. Publication

The first publication of annual results was in September 2006 (balance sheets, non-consolidated, 2002 to 2004, high-level instrument breakdown). Transactions results were first published in April 2007 (2002 to 2005, non-consolidated, high-level instruments, together with first results for balance sheets for 2005). Further publications followed in the next two years, in most cases with revisions to earlier years and incorporating improved methodologies.

The content of the national publications is currently as follows:

- Length of series for positions is 2001 onwards, transactions 2002 onwards, no series breaks;
- Sectors distinguished are S.1, S.11, S.12, S.121+S.122, S.123+S.124, S.125, S.13, S.14+S.15, S.2;

- All standard instruments of ESA 95 are included, except that AF.512 and AF.513 are combined;
- Only non-consolidated results at present.

For transmission to Eurostat some additional sub-sectors are reported (S.123 separate from S.124, sub-sectors S.1311, S.1313, S.1314) and consolidated results are also provided for S.13, S.1311, S.1313, S.1314. The tables that are voluntary under the ESA 95 transmission programme (Revaluations and Other changes in Volume; Counterpart allocation) are not yet compiled.

3. Production cycle

In the years since the first publication of results, development has been continuous and results were issued at irregular intervals. From 2009, a more regular cycle is planned. First results for a year (Y) will be published in April/May of the following year (Y+1), with revisions usually in October/November of Y+1. There is no formal policy to limit the number of years for which revisions can be made in any publication. It is expected, however, that revisions will not normally be published in the April/May publication for more than one year unless substantial new information has emerged. In the October/November publication, revisions will certainly be applied to the first estimate for Y, to Y-1, probably to Y-2 year, and possibly to earlier years.

The first results are based on provisional source data results for the year, with almost complete coverage for most sectors. The main exception is the indigenous component sub-sector of S.11. The contribution of this group of enterprises to the first results (April/May) is based on estimates; for the second results (October/November) incomplete primary data are available; and final results are available for use in the second revision, in October/November a year later. Transmissions to Eurostat (Tables 6 and 7 of the ESA95 transmission programme) follow or occur simultaneously with each round of national publication.

The timetable for provision of quarterly results from the CSO quarterly surveys to the CBFSAI for the quarterly financial accounts is somewhat aligned to the annual cycle. The main reference dates are the four dates for provision by the CBFSAI of results to the ECB. Until 2010, these occur around 110 days after end of each quarter (from mid-2010 there is to be a voluntary provision around 80 to 85 days after end of quarter). Under current arrangements, CSO aims to send its input to CBFSAI about a week before the ECB deadline, drawing on the files used to compile the BOP results (normally published by CSO by 90 days after the quarter). The results that the CBFSAI needs for quarter 4 are therefore generated around the same time, and from the same vintage of the CSO micro-data and compilation databases, as the first annual results, in early April. By October, when the CSO is compiling revised results for the year and for the previous year(s), the focus of the quarterly work has moved on to later quarters. No firm schedule has yet evolved for co-ordinating the supply to the CBFSAI of revised data for earlier quarters with the use of the related data in the annual production cycle.

National publication of annual sectoral non-financial accounts (by the CSO) currently occurs around October. This release usually includes revisions for several years, as well as the first results for the preceding year, and tends to precede the October/November financial accounts results by some weeks. The effect is that the non-financial results are generally available to the financial accounts compilation team in the later stages of their work; on the other hand,

the non-financial accounts team typically does not have the benefit of having any draft results from the financial accounts when they are finalising their results.

Production of quarterly sectoral non-financial accounts results started in 2008, so from 2009 onwards, it is expected that the first non-financial estimates for a year will become available when the fourth quarter results are compiled, i.e. some weeks before the expected April/May timing of the first annual financial accounts for the year.

4. Balancing the accounts

In the development of financial accounts in Ireland, financial balance sheets were compiled and published before transactions results. This is mainly because the primary data on positions is more extensive than on transactions. While a certain amount of transactions estimates are derived from changes in positions (with or without adjustments), there is very little use of the reverse technique.

The sequence of data reconciliations and balancing devised in the first instance for balance sheets has been carried over more or less to the balancing of the transactions accounts, with some necessary differences. The starting point is a set of standardised spreadsheets, one per individual enterprise or other statistical unit, group of units, sub-sector, or sector, that have been generated in the data collection process. Each spreadsheet contains the initial primary data for a single period, for assets and liabilities, positions and transactions. The instrument breakdown is the most detailed ESA 95 classification reported in the final results. Where necessary, the primary data will have been converted to this classification from that used in the primary source. Where the conversion requires a source category to be split, the conversion rules are in some cases rather automated; in others the subjective expertise of the compiler is required, and the allocation may be relatively variable between quarters.

The next stage is the allocation of positions to counterpart sectors and sub-sectors. The counterparts correspond to the most detailed ESA 95 breakdown. For some primary source data the allocation will already have been done by the supplier, for example for MFIs (the CBFSAI) or for general government (CSO); for others the initial allocation to counterparts is undertaken by the financial accounts compilation team, usually in conjunction with the supplier. For each sector, the process involves exhaustively allocating the figure for each instrument across counterpart sectors and sub-sectors. In the same way as for the instrument mapping, the allocation to counterparts is based on a mixture of fixed and judgmental allocation keys. In the later stages of the balancing operation, a high proportion of the adjustments involve amendments to these allocations.

The result is a rectangular matrix for the unit/group/sub-sector/sector for the period. The number and selection of instruments and sectors at this stage corresponds to the standard ESA 95 level of instrument and sector breakdowns to be displayed in the final results. When the standard spreadsheets for all units or groups of units have been assembled in this way, the preliminary unbalanced result for the sector/sub-sector is computed where necessary by simple addition of the components. For each sector by instrument by counterparty cell, two values result from this process: one from summing all the holdings of instrument X by sector Y1 vis-a-vis Y2, and the other by summing all the liabilities of sector Y2 to sector Y1 for instrument X. The Households and NPISH sector (S.14/15) is an exception: all the entries originate as counterpart entries from other sectors. With this exception, the set of pairs of X by Y1 by Y2 cells is the starting-point for the balancing process.

In an ideal situation, the two values reported for each cell would be identical. If the aim of the operation is to compile a finished set of who-to-whom results, the balancing operation must seek to bring about this identity by the end of the process. If, however, the aim is a set of standard sector results, as is the case at present, it is not necessary to achieve this identity. Formally, the final result for each sector is the result reported in the primary data, after adjustment in the course of the balancing operation, and not the aggregate of the data counterparted to it by the other sectors (except for sector S.14/15). Nevertheless, the second competing estimate for the same cell often serves as a pointer to the likely direction, and even scale, of acceptable adjustments.

At present the balancing is carried out via a set of linked Excel spreadsheets, designed to generate discrepancy reports simultaneously with the production of the results. It is carried out by successively making adjustments to individual cells or blocks of cells under three criteria: (a) certain arithmetical identities should be respected (b) the results should be plausible in absolute terms and in terms of the evolution of the time series, and (c) they should be coherent with related statistical results. The choice of where to strike the balance among these criteria is not straightforward. In practice, the results are produced by a mixture of pre-specified allocation rules and the expertise of the compilers.

As far as possible, the overall result for a sector (in terms of net financial assets or net financial transactions) is disturbed as little as possible from its opening value, particularly if this bears a close relationship to other official statistics. In particular, coherence with the following official series is given a high weight:

- S.2: the BOP and IIP results published by the CSO. The balancing items of the transactions accounts (Net Financial Transactions - B.9F) and the balance sheet results (Net Financial Assets - BF.90) are constrained to agree with the Balance on Financial Account in the BOP and the Net IIP respectively (after taking account of the differing treatment of Gold and SDRs in the two systems). However there are many differences between the two systems. Virtually no items other than the two balancing items therefore appear in both sets of results.
- S.13 and QFAGG. Since the coverage, instrument coding and valuation principles are the same, any differences are usually due to vintage differences.
- S.122: the money and banking (position) statistics published by the CBFSAI. As there are significant differences between the two systems exact agreement is not possible. However, a good degree of coherence is aimed for.

For other sectors, the balancing process does quite often lead to some adjustments to the overall initial result. For the transactions results, the comparisons with the B.9 resulting from the sectoral non-financial accounts are kept in mind but, except for the sectors mentioned, no steps are taken to force exact agreement between B.9 and B.9F. Since non-financial balance sheets are not yet compiled for Ireland, no calculations are made of net worth (B.90).

The main formal arithmetical identities respected are that for each instrument the sum of all stocks/net transactions as an asset must equal the sum of all stocks/net transactions as a liability. To achieve this, adjustments are made by judgmental re-allocation of values between instruments and/or between sectors/sub-sectors. By arranging to have the source spreadsheets and the linked spreadsheets open at the same time, the effect of the adjustments can be observed in the final sheet immediately. A process of iterative adjustments brings about the final balance. When this process has run some distance, the plausibility checks described

below are applied. Feedback from these is then taken into account in the final round of arithmetical balancing.

5. Consolidation issues

For most sectors, only non-consolidated results are compiled at present. The exception is General Government (S.13) and its sub-sectors. The work is carried out by the Government Accounts Division of the CSO as part of the compilation of QFAGG. The information on which it is based is in general fully available within the government records source data. Further information can be found in the Eurostat's manual on QFAGG.

6. Plausibility checks

Initial checking of the plausibility of the source data for a sector is the responsibility of the financial accounts analyst who sources or prepares data. Much of the source data is already in aggregated form, or may already have been used by the supplying sector in compiling and publishing their own statistics, and in these cases the opportunities for revising or changing the data are restricted. However, concerns and inconsistencies that come to light at this stage are generally noted for possible reference at the balancing stages. Since the compiling and balancing system is essentially a series of single-period operations, anomalous year-to-year changes in the end-product results do not routinely come to light until the balancing is well advanced. However at that stage reference back to the source data may uncover anomalies in one or more source.

Period-to-period comparisons also feature in the process that focuses on the stock-flow adjustment. For many series, transactions data are collected in the same reporting system as positions. This is the case for example for most of the data for S.2 (which has an exceptionally large role in the Irish economy). Since the BOPFS survey system collects information about transactions with residents as well as non-residents, it also serves as the primary source for the full financial accounts data for the enterprises and groups of enterprises concerned. In that system, reporters report the opening and closing position, the transactions (often net), and the valuations and other changes (these elements are often combined). Anomalous stock/flow movements can thus be detected at the level of the survey respondent, and further checks are made by the BOP and IIP analysts. When the full results for the component sectors (i.e. not just their BOP/IIP impact) are imported into the financial accounts system, further anomalies can be indirectly generated if the mapping of the BOPFS instruments to ESA 95 instrument categories is not carried out completely consistently between the stock and flow operations, or if adjustments made to balance other anomalies feed back and disturb previously plausible source data.

For several other data sources, the primary data have already been subjected to scrutiny in respect of stock-flow plausibility. This is the case for S.13 and its sub-sectors, for example, where the attention paid in recent years to the analysis of stock-flow adjustments in the EDP returns has had beneficial effects in the parallel compilation of QFAGG data that are the source for financial accounts.

Indirect estimation of transactions from positions data plays a relatively small role. It is most prevalent for indigenous non-BOP-relevant companies in the sectors S.11 and S.123, and for all units in S.122. For the S.11 and S.123 companies, transactions estimates for all variables other than securities are calculated as changes in position in the first instance, as price

changes are assumed to be mainly irrelevant and no breakdown by currency is available. While the assumption of no price movement for securities is clearly invalid, the effect is relatively small. These companies make only limited use of debt securities on either the assets or liabilities side, or of equities on the assets side. For equity liability, book values continue to be the valuations basis for companies whose shares are not publicly traded (indigenous companies whose equity is quoted on a stock exchange are routinely included in surveys of the BOPFS system, where market value reporting is the norm).

For the S.122 sub-sector the primary balance sheet results are drawn from the money and banking statistics compilation system of the CBFSAI. In estimating transactions, the CBFSAI makes extensive use of the detailed quarterly currency analysis of deposits, loans and debt securities. For equity items, CSO and CBFSAI work closely together to estimate the positions and net transactions on the basis of market prices. However, as with S.11 and S.123, the equity liabilities of unquoted S.122 entities are recorded at book value.

In a final overview of the nearly balanced results in the compilation system for all sectors, implicit price changes are generated within the processing system for all elements of the published results, and further corrections and adjustments are made to eliminate the more significant remaining implausibilities.

7. Ongoing or planned changes to FA production

By the end of 2008, most of the formal requirements of the ESA95 publication system of annual financial accounts had been completed. The largest outstanding component is the production of consolidated results for all sectors. Work will begin on this during 2009, but no date has yet been set for the results.

Work may also be undertaken on other desirable features, including:

- Compiling of the voluntary ESA 95 tables i.e. separate tables of revaluations and volume changes, and counterpart analyses (who-to-whom tables)
- More comprehensive estimation of market prices for unquoted equity
- Compiling results for additional breakdowns of some sectors, notably the three-way split of S.11 into S.11001 (public NFCs), S.11002 (National private NFCs) and S.11003 (Foreign controlled NFCs).

However, most of the attention of the more restricted resources now available for financial accounts work in the CSO may have to be devoted to maintaining and improving the quality of the existing system. Particular attention will probably be paid to improving the coherence of the annual results with the quarterly results being developed by the CBFSAI.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

NFCs are corporate bodies producing goods and non-financial services on a commercial basis. They include public limited companies, private companies and other corporate forms of business, whether owned by residents (including the government) or non-residents or both. In particular, therefore, Irish subsidiaries of foreign companies and the Irish branches of foreign companies operating in Ireland on a branch basis are included, while the foreign subsidiaries of Irish companies and the foreign branches of Irish companies operating abroad are excluded

(they form part of the ROW, S.2). The business activities of self-employed persons (quasi-corporations) are in principle to be included here if separate accounts are available for statistical purposes.

8.1.1 Currency and deposits (F.2)

i) Assets
AF.21 sources – manual adjustments entered to agree with counterpart data source (S.121 and S.13).
AF.22 sources – BOP data and audited accounts.
AF.29 sources – audited accounts of corporations (private and semi-state), Bop statistics. Also counterpart data (S.122 and S.2).
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Financial derivatives ((A)F.34) are partially covered for this sector. Source – BOP statistics.

i) Assets
Source - BOP statistics.
ii) Liabilities
AF.331 – not applicable.
AF.332 sources – audited accounts of semi-state corporations, BOP statistics.

8.1.3 Loans (F.4)

Assets /Liabilities
Source: audited accounts of corporations (private and semi-state), Bop statistics. Also counterpart data (S.122 and S.2).
Source for inter-company loans granted by NFCs to other NFCs: BOP survey and extracted company balance sheet data, plus estimations. Instrument detail is available for assets and liabilities, stocks and transactions. The audited annual accounts source distinguishes between loans to/from group companies, other related companies (equity ownership of 20% or more but less than 50%), and third parties.
A BOP survey focuses on NFCs with significant cross-border business; most respondents are direct investment companies. Quarterly returns are received from the larger companies, annual returns from smaller ones, with quarterly estimates interpolated at macro-level. The survey covers all assets and liabilities (not only cross-border), stocks and transactions, analysed by relationship to counterparty.
The direct sources for S.11 enterprises not covered by the BOP survey are audited annual accounts; a sample of such cases is grossed up. Transactions are estimated from changes in position unless other information about revaluations is known. These accounts do not distinguish between resident and cross-border assets and liabilities; all positions are assumed to be with residents. The BOP survey distinguishes between cross-border positions and flows within euro area and outside euro area.
Loans granted by NFCs to other sectors: there is information on instalment loans by retailers to customers, as well as on other loans made by NFCs to other sectors. Audited annual accounts include an item “finance lease or hire purchase contracts”. Other retailer credits to customers are not identified (in principle they are captured in other miscellaneous asset

instruments). The sample of entities from the relevant NACE classes is insufficient for good estimates to be made of this type of asset. Some misclassification is therefore possible between (A)F.4 and (A)F.7. Since the entire balance sheet is captured, all such loans are recorded if not always identifiable.

8.1.4 Shares and other equity ((A)F.5)

i) Assets
AF.511 source - audited accounts of corporations (private and semi-state).
AF.512/513 source - audited accounts of corporations (private and semi-state), Bop statistics.
AF.52 not applicable.

ii) Liabilities
AF.51 source – BOP statistics and stock exchange data.
AF.512/513 sources – audited accounts of corporations (private and semi-state), BOP statistics.
Unquoted shares ((A)F.512) and Other equity ((A)F.513) are combined. Distinction with quoted shares is based on quotation of share price. Legal form of issuing entities for unquoted shares: limited companies, public limited companies (other than quoted companies). Legal form of issuing other equity: ordinary or limited partnership, co-operative society, special legislation public enterprise, also assets that non-residents have against notional resident units (and vice versa).
Data sources for unquoted shares: 60-65% of the total NFCs is made up of companies covered in the quarterly BOP survey, available with a time-lag of 3 months; the 40% balance is estimated from a sample of audited accounts, available after 11-15 months. Coverage in terms of total population is almost 100%. Data source for other equity: an estimated 90% of the total population is from a quarterly survey covering assets of non-residents against notional resident units, available with a time-lag of 3 months. High frequency data sources are grossed up annually to estimate the total population using ratios. Valuation of unquoted shares and other equity is on the basis of own funds at book value.
AF.52 not applicable.

8.1.5 Insurance technical reserves (F.6)

Assets/ Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Sources – audited accounts of corporations (private and semi-state), BOP statistics.
When data permit, assets and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79. Stocks and transactions data for (A)F.7 is available for the companies surveyed in the BOP survey. For non-BOP companies information is only available for stocks. Data are obtained from own sector source. Yearly data are used as basis for estimation. Goods/services transactions are used to check (A)F.71 for S.11.
For (A)F.71 agreed between households and S.11, S.14 liabilities to public utilities is estimated, otherwise there is no information available.
The distinction between foreign trade credit and inward/outward FDI loans ((A)F.42) is made in the BOP survey.

It is not always possible to allocate (A)F.79 for taxes, wages and salaries and EU budget transfers to counterpart sectors in a systematic way.
The question of a B.9/B.9f adjustment will arise when national quarterly accounts come to be published**.**

8.2 Financial corporations (S.12)

The sector financial corporations (S.12) consists of all institutional units (corporations or quasi-corporations) which are principally engaged in financial intermediation and/or in auxiliary financial activities. The sector is compiled using regulatory returns by MFIs to the CBFSAI. BOP survey results are also used.

8.2.1 The Central Bank (S.121)

This sub-sector consists solely of the Central Bank and Financial Services Authority of Ireland (CBFSAI).

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Source: Balance sheet of the CBFSAI published annually.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

Assets /Liabilities
Data sources are MFI balance sheets, credit institution reporting, CBFSAI sources.

8.2.1.3 Securities other than shares (F.3)

Assets /Liabilities
Source: Balance sheet of the CBFSAI published annually.

8.2.1.4 Loans (F.4)

Assets /Liabilities
Source: Balance sheet of the CBFSAI published annually.

8.2.1.5 Shares and other equity (F.5)

Assets /Liabilities
Source: Balance sheet of the CBFSAI published annually.

8.2.1.6 Insurance technical reserves (F.6)

Assets /Liabilities
Source: Balance sheet of the CBFSAI published annually.

8.2.1.7 Other accounts receivable and payable (F.7)

Assets /Liabilities
Source: Balance sheet of the CBFSAI published annually.
Yearly data are used as basis for estimation. (A)F.71 and (A)F.79 are separable.

8.2.2 Other monetary financial institutions (S.122)

This sub-sector consists of credit institutions (banks and building societies), money market funds and credit unions (small mutual savings institutions).

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

Assets /Liabilities
Source: Regulatory returns that MFIs are required to make to the CBFSAI.

8.2.2.3 Securities other than shares (F.3)

Assets /Liabilities
Source: Regulatory returns that MFIs are required to make to the CBFSAI. Valuation is usually based on market prices.

Financial derivatives ((A)F.34): coverage includes options, warrants, futures, swaps and FRAs. Data of MFIs are reported gross, otherwise net. However, the purpose for which derivatives are held (for trading, or for hedging) is considered to be a relevant factor in deciding whether they should be recorded gross or net. Data are available for stocks and (partially) transactions. Negative balance sheets are allowed.

8.2.2.4 Loans (F.4)

Assets /Liabilities
Source: Regulatory returns that MFIs are required to make to the CBFSAI. MFIs report loans net of provisions, but the CBFSAI provides gross data to the ECB. The NSI reports gross data to Eurostat.

8.2.2.5 Shares and other equity (F.5)

Assets /Liabilities
Source: Regulatory returns that MFIs are required to make to the CBFSAI. National practice in the valuation of equities in MFI balance sheets - book value. CSO, in conjunction with the CBFSAI, has used market value based information from the quarterly CSO BOPFS surveys to amend (A)F.5 holdings as reported in the MFI balance sheets.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Source: Regulatory returns that MFIs are required to make to the CBFSAI.

ii) Liabilities

Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)
Source: Regulatory returns that MFIs are required to make to the CBFSAI. MFI balance sheet items “remaining assets” and “remaining liabilities” are used to calculate (A)F.7. No breakdowns (components or counterparts) are available for MFI 'remaining assets' and 'remaining liabilities'. There is no other MFI balance sheet item used to estimate (A)F.7. Treatment of the inter-MFI difference is for consideration.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

S.123 includes collective investment schemes (unit trusts, UCITSs etc, other than money market funds), companies engaged in leasing and consumer and other lending, securitisation vehicles, treasury companies and a range of other companies engaged in financial intermediation.

8.2.3.1 Currency and deposits (F.2)

i) Assets
Source: results of BOP surveys.
ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

Assets /Liabilities
Source: results of BOP surveys.
Financial derivatives ((A)F.34) - partially covered for this sector. See also section 8.2.2.3.

8.2.3.3 Loans (F.4)

Assets /Liabilities
Source: results of BOP surveys.

8.2.3.4 Shares and other equity (F.5)

Assets /Liabilities
Data sources are CSO BOPFS surveys and audited accounts for the indigenous sub-sectors such as consumer credit companies.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
Source: results of BOP surveys.
ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets /Liabilities
Source: results of BOP surveys.
Yearly data are used as basis for estimation. (A)F.71 and (A)F.79 are separable.

8.2.4 Financial auxiliaries (S.124)

S.124 covers companies which provide auxiliary financial services, including management and administration of pension funds and mutual funds, custody and related services, insurance and other broking services, and other financial advisory and consultancy services.

8.2.4.1 Currency and deposits (F.2)

i) Assets
Source: results of BOP survey.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

Assets /Liabilities
Source: results of BOP survey.
Financial derivatives (F.34) - coverage of this financial instrument is negligible for this sector.

8.2.4.3 Loans (F.4)

Assets /Liabilities
Source: results of BOP survey.

8.2.4.4 Shares and other equity (F.5)

Assets /Liabilities
Source: results of BOP survey.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
Source: results of BOP survey.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets /Liabilities
Source: results of BOP survey.

8.2.5 Insurance corporations and pension funds (S.125)

S.125 consists of life and non-life insurance companies (including reinsurers) and pension funds.

8.2.5.1 Currency and deposits (F.2)

i) Assets
Source: results of BOP surveys.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

Assets /Liabilities
Source: results of BOP surveys.
Financial derivatives ((A)F.34) - is partially covered for this sector. See also section 8.2.2.3.

8.2.5.3 Loans (F.4)

Assets /Liabilities
Source: results of BOP surveys.

8.2.5.4 Shares and other equity (F.5)

Assets /Liabilities
Source: results of BOP surveys.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
Not applicable.
ii) Liabilities
Stocks and flows vis-à-vis residents and non-residents are reported on the CSO BOPFS survey forms for (A)F.61 and (A)F.62. The breakdown of (A)F.61 into (A)F.611 and (A)F.612 is estimated using regulatory data.
Net equity of households in life insurance reserves (F.611): Liabilities of (life) insurance corporations vis-à-vis non-resident households (policy holders) cannot be estimated from insurance balance sheet (and/or profit and loss accounts); they are estimated from annual regulatory data.
Net equity of households in pension fund reserves (F.612): Liabilities of pension funds vis-à-vis non-resident households (current and former employees of resident employers) cannot be estimated from pension funds' balance sheets and/or profit and loss accounts, but the amounts are not significant.
Prepayments of insurance premiums and reserves for outstanding claims ((A)F.62): Liabilities of insurance corporations vis-à-vis non-residents cannot be estimated from insurance corporations balance sheet (and/or profit and loss accounts); they are estimated from annual regulatory data.
Liabilities of reinsurance corporations to non-residents, and reinsurance claims, are estimated from CSO BOPFS surveys; amounts are recorded in AF.62, non-consolidated.

8.2.5.6 Other accounts receivable and payable (F.7)

Source: results of BOP surveys.
Yearly data are used as basis for estimation. (A)F.71 and (A)F.79 are separable.

8.3 General Government (S.13)

In Ireland Central government (S.1311) entities are:

- Government Departments (Ministries), funded by the Exchequer;
- Non-market grant-aided bodies. In principle, these are regarded as institutional units. They are controlled and funded almost entirely from the Exchequer; and
- Various extra-budgetary funds for which separate accounts are maintained and which are directly administered by Departments (or in some cases by the NTMA), for example the National Pensions Reserve Fund (NPRF).

The sector does not include public corporations or enterprises engaged in the production of market services or goods.

Local government sub-sector (S.1313) consists of all bodies established for the purpose of local administration:

- Local Authorities, Regional Health Boards (relevant for pre-2005 data only, as a Central Government Unit known as the Health Service Executive (HSE) took over full operational responsibility for running the country's health and personal social services in January 2005).
- Vocational Education Committees (VECs) (county-based authorities which control and run certain second and third level schools and colleges). The sub-sector is funded primarily by grants from Central Government.

The Social Security Funds sub-sector (S.1314) consists solely of the Social Insurance Fund (SIF). The Social Insurance element of Pay Related Social Insurance (PRSI) contributions by employees, employers and self-employed persons is paid into the SIF and does not form part of the revenues paid into the Central Fund (Exchequer). The SIF is administered by the Department of Social and Family Affairs (D/SFA).

Almost two-thirds of data required for compilation of S.1311 Balance Sheets and Financial Transactions are made available to CSO by the National Treasury Management Agency (NTMA). The remaining information is supplied by Department of Finance, supervisory Government Departments reporting to Department of Finance, directly from Non-Market Bodies where necessary, by the Central Bank [as (A)F.5 asset counterpart and acting as Government agent regarding issuance of euro and legacy coinage]. The Financial Statements of S.11001 entities in which Central government has a shareholding are used in the compilation of (A)F.5 assets. Finally, a number of other sources are used which in overall value terms are small but one is significant for (A)F.7 Accounts Receivable/Payable, namely the Annual Report of the Comptroller and Auditor General and the associated Audited Appropriation Accounts.

In addition to the main published sources, the Department of Finance requests specific data from supervisory Government Departments in relation to the liabilities and certain financial assets of local authorities, health boards, other local agencies, non-commercial state bodies and other relevant state bodies. The data collected consists of:

- gross liabilities to Central Government, to the rest of General Government and to the private sector. Private sector debt is broken down into: bonds; other debt with original maturity less than one year; and other debt with original maturity of greater than one year.
- gross debts guaranteed by Central Government
- deposits with Central Government, with the rest of General Government and with the private sector.

S.1313 is funded primarily by grants from Central Government. A new Local Authority Financial Management System (FMS) was adopted in 2004/5 from which Local Authority Balance Sheet data has become available. In advance of this FMS data coming fully on-stream, the Department of Environment, Heritage and Local Government (DoEHLG) conducted and continues to conduct a special inquiry, which collects information on the end-quarter stock values of the different financial assets and liabilities of Local Authorities.

Data for the Social Insurance Fund (SIF) are provided by the Department of Social and Family Affairs (DSFA) in its role as manager of the Fund's current account, and by the NTMA as manager on behalf of the Minister for Finance of the accumulated surplus in the Fund (since 2001). Preliminary details of the previous year's outturn and forecast for the current year of the SIF are published each year. Audited accounts of the SIF are subsequently prepared by the DSFA.

8.3.2 Currency and deposits (F.2)

i) Assets
AF.21 – not applicable.
AF.22 and AF.29 sources – Dept. of Finance. Also NTMA and state company accounts.
ii) Liabilities
AF.21 – central bank data.
AF.22 – not applicable.
AF.29 – central bank data and NTMA.

8.3.3 Securities other than shares (F.3)

Financial derivatives ((A)F.34) - is covered for this sector. Source – NTMA and state company accounts. See also section 8.2.2.3.

i) Assets
Source – NTMA.
ii) Liabilities
AF.331 sources – Dept. of Finance, state company accounts. Also NTMA:
AF.332 sources – NTMA. Also state company accounts.

8.3.4 Loans (F.4)

i) Assets
AF.41 source – Dept. of Finance.
AF.42 source – state company accounts. Also central bank and Dept. of Finance data.
ii) Liabilities
AF.41 source – NTMA. Also state company accounts.
AF.42 source – NTMA, state company accounts. Also Dept. of Finance data.

8.3.5 Shares and other equity (F.5)

i) Assets
AF.511 source – NTMA. Also state company accounts.
AF.512/513 source – NTMA. Also Dept. of Finance data.
AF.52 source – NTMA.
ii) Liabilities
Not applicable.

8.3.6 Insurance technical reserves (F.6)

Assets /Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Information for (A)F.71 and (A)F.79 are only available for stocks.
It is not always possible to allocate (A)F.79 for taxes, wages and salaries and EU budget transfers to counterpart sectors in a systematic way.
The question of a B9/B9f adjustment will arise when national quarterly accounts come to be published.

i) Assets
AF.71 not applicable.
AF.79 source - Dept. of Finance.
ii) Liabilities
AF.71 not applicable.
AF.79 source – Dept. of Finance. Also state company accounts.
A large new item is a liability recognised by government to compensate residents of retirement homes for earlier overcharging, symmetrically recorded in S.13 and S.14/15.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

S.14 consists of persons in their capacity as holders of financial assets or as borrowers. The business assets and liabilities of unincorporated self-employed persons are also mainly reflected in this sector. S.15 consists of non-profit institutions such as charities and non-commercial agencies not owned by the government, such as some schools and hospitals. No direct data are currently available. This sector is generated from counterpart data.

8.4.1 Currency and deposits (F.2)

i) Assets
Source: counterpart data.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

Assets /Liabilities
Source: counterpart data.

Financial derivatives (F.34) - coverage of this financial instrument is negligible for this sector.

8.4.3 Loans (F.4)

Assets /Liabilities
Source: counterpart data.

8.4.4 Shares and other equity (F.5)

Assets /Liabilities
Source: counterpart data. Holdings of unquoted shares are calculated as residual of sectors.

8.4.5 Insurance technical reserves (F.6)

i) Assets
Source: counterpart data. (A)F.61 is counterparted from ICPF in the resident sector vis-à-vis households. (A)F.62 is counterparted from ICPF cumulative year premiums and split between domestic sectors including households. The breakdown of (A)F.61 into (A)F.611 and (A)F.612 is estimated using regulatory data. Cross-border stocks and flows vis-à-vis residents are reported on the CSO BOPFS survey forms for (A)F.61 and (A)F.62.
Net equity of households in life insurance reserves (AF.611): Liabilities of non-resident (life) insurance corporations vis-a-vis resident households are assumed to be insignificant.
Net equity of households in pension fund reserves (AF.612) and Prepayments of insurance premiums and reserves for outstanding claims (AF.62): Liabilities of non-resident insurance corporations and pension funds vis-a-vis resident households are assumed to be insignificant.

ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets /Liabilities
Source: counterpart data. When data permit, assets and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79. Information for (A)F.71 and (A)F.79 are only available for stocks.
For (A)F.71 agreed between households and S.11, S.14 liabilities to public utilities is estimated, otherwise there is no information available.
It is not always possible to allocate (A)F.79 for taxes, wages and salaries and EU budget transfers to counterpart sectors in a systematic way.
A large new item is a liability recognised by government to compensate residents of retirement homes for earlier overcharging (approx €1bn), symmetrically recorded in S.13 and S.14/15.
The question of a B9/B9f adjustment will arise when national quarterly accounts come to be published.

8.5 Rest of the world (S2)

The figures represent the economy's transactions with and financial claims on and liabilities to non-residents. The conceptual definition is the same as in the BOP and IIP statistics. In particular, non-residents include foreign subsidiaries of Irish companies, the foreign branches

of Irish companies that operate abroad on a branch basis, and the head offices of foreign companies that operate in Ireland on a branch basis. In the financial balance sheets, the figures therefore also correspond to those in the IIP statistics, but with the opposite convention for labelling assets and liabilities: what are shown in the IIP as assets appear in these tables as liabilities of the S.2 sector, and vice versa. Because of differences in instrument classifications and in some valuations, the relationships with individual items in the BOP and IIP, and with the aggregate IIP assets and liabilities positions, are not explicit, although the net IIP position is in principle the same as the net financial assets of the total economy (S.1) in the financial balance sheets table. This sector is compiled using BOP/IIP data. CSO is the official compiler of BOP/IIP statistics.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
Source: BOP/IIP data.
ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

Assets /Liabilities
Source: BOP/IIP data.

8.6.3 Securities other than shares (F.3)

Assets /Liabilities
Source: BOP/IIP data.
Financial derivatives ((A)F.34) - is covered for this sector. See also section 8.2.2.3.

8.6.4 Loans (F.4)

Assets /Liabilities
Source: BOP/IIP data.
A BOP survey focuses on NFCs with significant cross-border business; most respondents are direct investment companies. Quarterly returns are received from the larger companies, annual returns from smaller ones, with quarterly estimates interpolated at macro-level. The survey covers all their assets and liabilities (not only cross-border – which are however identified), stocks and transactions, in each case analysed by relationship to the counterparty. Distinction is made between euro area and other non-resident counterparts.
The direct sources for S.11 enterprises not covered by the BOP survey are audited annual accounts; a sample of such cases is grossed up. Transactions are estimated from changes in position unless other information about revaluations is known. These accounts do not distinguish between resident and cross-border assets and liabilities; all positions for these enterprises are assumed to be with residents.

8.6.5 Shares and other equity (F.5)

Assets /Liabilities
Source: BOP/IIP data.

8.6.6 Insurance technical reserves (F.6)

Stocks and flows vis-à-vis residents and non-residents are reported on the CSO BOPFS survey forms for (A)F.61 and (A)F.62. The breakdown of (A)F.61 into (A)F.611 and (A)F.612 is estimated using regulatory data.

i) Assets
Net equity of households in life insurance reserves (F.611): Liabilities of life corporations to non-residents are estimated from annual regulatory data. They cannot be estimated from (life) insurance balance sheet (and/or profit and loss accounts).
Net equity of households in pension fund reserves (F.612): Liabilities of pension funds vis-à-vis non-resident households (current and former employees of resident employers) cannot be estimated from pension funds' balance sheets and/or profit and loss accounts, but the amounts are not significant.
Prepayments of insurance premiums and reserves for outstanding claims ((A)F.62): Liabilities of insurance corporations vis-à-vis non-residents cannot be estimated from insurance corporations balance sheet (and/or profit and loss accounts).
Liabilities of non-life Insurance corporations to non-residents are estimated from annual regulatory data.
Liabilities of reinsurance corporations to non-residents, and reinsurance claims, are estimated from BOP surveys; amounts are recorded in AF.62.

ii) Liabilities
Net equity of households in life insurance reserves (AF.611), and Net equity of households in pension fund reserves (AF.612): Liabilities of non-resident (life) insurance corporations vis-a-vis resident households are assumed to be insignificant.
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): Liabilities of non-resident insurance corporations and pension funds vis-a-vis residents are assumed to be insignificant.
Cross-border reinsurance claims data (not consolidated) are available from CSO BOPFS surveys.

8.6.7 Other accounts receivable and payable (F.7)

Assets /Liabilities
Source: BOP/IIP data. When data permit, asset and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79. Information for (A)F.71 and (A)F.79 are only available for stocks. Yearly data are used as basis for estimation.
The import and export trade credits associated with advance and progress payments are obtained from CSO BOPFS survey sources. The distinction between foreign trade credit and inward/outward FDI loans ((A)F.42) is made in CSO BOPFS surveys.

Chapter 8. Annual financial accounts sources and methods: Spain

1. Institutional arrangements

The Banco de España is the institution responsible for preparing the financial accounts. Within the Bank, the Statistics Department of the Economics, Statistics and Research Directorate General is the department that carries out this work.

The methodology is also the responsibility of the Banco de España. With regard to certain aspects, including sectorisation and the links between financial and non-financial accounts, there is close co-ordination with the INE (the National Statistics Institute, which compiles the Spanish Non-financial Accounts) and the IGAE (the National Audit Office, which compiles general government statistics).

The process of production and compilation is closely linked to the work of the units responsible for primary data (money and banking statistics, securities issues statistics, general government statistics, balance of payments statistics, etc.). The relevant units update quarterly different blocks of underlying information in the financial accounts compilation system. This process takes two or three weeks, the work involves around twenty staff members and is co-ordinated by a small team which is also responsible for the preparation of the full set of accounts, its dissemination through the website and transmission to various international organisations. The staff members involved check for consistency against original data sources and review the quality of the information.

2. Publication

The financial accounts are published quarterly in a bilingual Spanish/English edition on the Banco de España website (www.bde.es). The time series produced are quarterly. Quarterly updates are disseminated on the Internet with a lag of t+16 weeks in relation to the calendar quarter to which the latest observation refers. Additionally, once a year in June, the financial accounts are published in a printed version, along with the Annual Report.

The Financial Accounts of the Spanish Economy (FASE) include the financial transactions account and the financial balance sheets in quarterly and annual series. At the time of writing (November 2008), the available series cover all the quarters and years of the period 1990 Q1 - 2008 Q2 for financial transactions and 1989 Q4 - 2008 Q2 for financial balance sheets. There are no breaks in the series, although some time series are not available for the full period, such as: (i) breakdown of shares by quoted and unquoted shares (series start in 1994 Q4 for balance sheets, and in 1995 Q1 for financial transactions), (ii) inter-company loans within non-financial corporations (series start in 2000 Q4 for stocks, and in 2001 Q1 for financial transactions), and (iii) financial balance sheets of derivatives (series start in 2003 Q1).

The publication covers, following a set of general tables (link between the financial balance sheet at the beginning and end of period, for instance), tables for all sectors and sub-sectors of the system with a detailed breakdown by instrument, summary tables of instruments by sector, and summary tables for all sectors with a breakdown by instrument and counterpart sector.

3. Production cycle

Latest quarters published are always provisional, as all of the necessary information is not yet available. Enhancements and revisions are included in each quarterly update. The policy is to revise at most eight quarters and their corresponding years when the accounts for each quarter are updated. Revision policy includes the possibility of more in-depth revisions of the annual edition of the accounts in June each year, in particular due to methodological changes. In practice, exceptional revisions may be made in each quarterly update, normally, to maintain the consistency of the financial accounts with some statistics such as balance of payments or general government statistics when the latter are revised following their own revision policies. The main revisions incorporated in each quarterly update of the financial accounts on the website are communicated to the public by means of an accompanying note.

Concerning the relationship between the financial and non-financial accounts, the aim is to place the financing of the economy (i.e. financial account) within the framework of the flows to be financed (i.e. non-financial account). The capital account is the last of the non-financial accounts and its balancing item links with that of the financial transactions account. As stated in ESA 95, the balancing item (resources minus uses) of the capital account is called "net lending (+) or borrowing (-)". This denomination coincides with that given by the System to the balancing item of the financial account, thereby highlighting the conceptual identity of these two items, although in the Spanish financial accounts the latter is referred to as net financial transactions.

Establishing consistency between or reconciling the "lending (+) or borrowing (-)" and the "net financial transactions" of the different institutional groupings of the System is difficult. This is because the calculations are made by different institutions, and they have been compiled, in most cases, on the basis of different underlying information and often, at different points in time. The teams entrusted with this work at the INE and the Banco de España co-ordinate, in collaboration with the IGAE, their compilation processes as far as possible. In practice, this means that "net lending (+) or borrowing (-)" and "net financial transactions" are made equal for the sectors financial institutions, general government and rest of the world, while differences are shown for the non-financial corporations and households sectors.

4. Balancing the accounts

<u>Stock/flow consistency</u>

The amounts in the Financial Accounts are, for most of the transactions of the institutional sectors, obtained from the differences in financial assets (liabilities) over two consecutive quarters. These differences are adjusted for changes in stocks that do not correspond to actual transactions, namely capital gains and losses, changes owing to movements in the exchange rate, write-offs, etc., this information being drawn fundamentally from the profit and loss accounts of the units involved.

Nonetheless, certain transactions are calculated directly from the basic supporting information, for example, securities issues, and certain financial assets and liabilities items are even determined by accumulation of flows.

Treatment of statistical discrepancies

The Financial Accounts are compiled using information stored in the Banco de España time series databases. The data management processes are fully integrated with the primary information sources (banking data, securities market data, etc.); but in practice, in many cases there are two sources of information for a stock/financial transaction, namely from the two parties involved, and in certain cases there is a third data source from the administrative records of the financial markets. This means that a ranking of sources must be established. In principle, priority is given to primary information sources, which provide greater detail on the instrument under consideration.

The accounts of the different sectors are submitted to a series of consistency tests, such as cross-checking the financial balance sheets obtained for an institutional grouping with the conventional financial balance sheets of that grouping. This practice enables the changes in certain instruments, which basically arise from valuation and source ranking problems and are necessary to ensure that each instrument is treated in the same way in the different accounts of the system, to be identified.

The balancing items obtained in the capital account are compared with those in the financial account. The process of compiling the financial accounts gives rise to initial estimates for the balancing items for all the sectors that could not coincide with those of the capital accounts. Thereafter, statistical adjustments are introduced in the transactions recorded among the net liabilities incurred by the sectors, specifically in the category of other accounts payable, except trade credits and advances (F.79), which equate the balancing item of the financial account with that of the capital account. Moreover, the introduction of these statistical adjustments makes it necessary to introduce the related adjustment transactions into their counterparts.

5. Consolidation issues

The accounts relating to the various groupings are unconsolidated, with the exception of trade credits and advances in the households sector which do not include those that may have arisen between units of the sector itself (credit between sole proprietors and that granted by sole proprietors to households for the purpose of consumption). However, aggregated accounts of the various sectors – both unconsolidated and consolidated – are presented in the publication for the last quarter/year (in the annual edition). In order to prepare the consolidated accounts, the transactions (and positions) between the various agents and sub-sectors making up each of the resident sectors (by definition, the ROW sector is consolidated) have been eliminated.

Nevertheless, it is possible to prepare consolidated accounts for each sector because during the process of compilation, the counterpart sectors are identified for each of the financial assets, either using the source of information of the financial instrument in question itself, or by resorting to supplementary sources.

6. Plausibility checks

Consistency includes the analysis of the statistical discrepancies explained in item 4, and additional checks such as consistency between stock and flows or the non-existence of negative stocks.

7. Ongoing or planned changes to FA production

The main aim is to extend the length of the series back to 1980 for financial balance sheets and to 1981 for financial transactions, on a yearly basis. The publication of data regarding revaluations and other changes in volume is also envisaged for sector accounts but not for sub-sectors.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Sector S.11 covers all non-financial corporations using a fiscal identity code beginning with a letter in their relations with credit institutions and the tax authorities except jointly held property and owners' associations which are classified under households (S.14). Those enterprises controlled by general government which, despite their corporate legal nature, are not market producers (as defined by ESA 95) are not included in this sector. Such corporations have been classified in the general government sector (S.13). Individual entrepreneurs undertaking production activities in an unincorporated form are also classified as households.

8.1.1 Currency and deposits (F.2)

i) Assets
Money and banking statistics (MBS) constitute the main source of information as well as the international investment position and balance of payments data for deposits with non-resident credit institutions.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

i) Assets
Non-financial corporations and households and NPISHs holdings are obtained residually from information exogenous to these sectors. The distribution between non-financial corporations and households and NPISHs is principally based on a statement which credit institutions are required by the Banco de España to complete, detailing the nature of the securities deposited with institutions, including own securities, indicating the issuing and holding sectors. This information is set against all information available on the securities markets and, that from the remaining sectors of the economy.
Regarding financial derivatives (F.34), this category comprises options and similar instruments (warrants, etc.) and futures and similar instruments and, from 2005, swaps. Currently, the available series cover transactions and balance sheet items, the latest one from 2003. On account of information availability, the amounts for the non-financial corporations sector are shown net on the assets side of the balance sheet.
ii) Liabilities
Securities market statistics are the main source of information. There is a security-by-security database which is used for the compilation of this information.

8.1.3 Loans (F.4)

i) Assets
It comprises mainly loans granted to non-resident non-financial corporations (ROW sector) and those between resident NFCs. This is estimated on the basis of information from the Central Balance Sheet Data Office (CBSDO). Inter-company loans include those between affiliated NFCs (i.e. where there is an ownership link between debtor and creditor) as there is no distinction between loans granted to non-affiliated NFCs and other NFCs in the underlying information.
Coverage of loans granted by NFCs to other sectors: repurchase agreements with "other financial intermediaries (S.123)" are recorded as loans and, consequently, included under this heading; however, instalment loans granted by retailers to customers are part of the overall amount of trade credit granted by NFCs.

ii) Liabilities
The information is drawn basically from: the supplementary statements reported by credit institutions to the Banco de España; various statistical information used to compile the balance of payments; general government budgetary outturns; financial vehicle corporations' balance sheets and information from the CBSDO.
The IIP and BOP data are the source for cross-border loans. The information differentiates between euro area and other non-resident counterparts. For the compilation of this information, there is a register of cross-border loans of the non-financial sectors (external debt).

8.1.4 Shares and other equity (F.5)

i) Assets
Non-financial corporations and households and NPISHs holdings are obtained residually from information exogenous to these sectors. The distribution between non-financial corporations and households and NPISHs is principally based on a statement, which credit institutions are required by the Banco de España to complete, detailing the nature of the securities deposited with institutions, including own securities, indicating the issuing and holding sectors. This information is set against all information available on the securities markets and that from the remaining sectors of the economy. Lastly, to assign holdings of mutual funds shares, use is made of an accounting statement created in 1999 which institutions send quarterly to the CNMV (National Securities Market Commission).
Holdings of unquoted shares issued by non-residents include endowments and other kinds of capital supplied by resident non-financial corporations to their branches abroad (including reinvested earnings on direct Spanish investment abroad); and holdings of other equity issued by non-residents include real-estate investments and other forms of equity investment by residents abroad.

ii) Liabilities
Quoted shares (F.511):
They include shares quoted on organised markets. Securities market statistics are the main source of information.

Unquoted shares (F.512):
In general terms they are issued by public limited companies. The difference between unquoted and quoted shares is based on quotation of share price, while that between unquoted

shares and other equity is based on negotiability. Annual information from the CBSDO is the main data source. The time lag is around 15 months. CBSDO data are grossed up to estimate the total population by using ratios, which are updated annually. These ratios are differentiated by branch of business, by legal form and by size, and are calculated on the basis of the number of workers. Valuation of unquoted shares follows the method based on the discount of ordinary results. The discount factor is the internal rate of return of companies quoted on the stock market to which an illiquidity premium has been added (3%), taking into account eight branches of business. Unquoted shares vis-à-vis non-residents include endowments and other kinds of capital supplied by non-resident NFCs to their branches in Spain (including reinvested earnings on direct foreign investment in Spain).

Other equity (F.513):
In general terms, it is issued by NFCs whose legal form includes: (i) incorporated partnership (unlimited partners), (ii) limited liability company (owners are partners), (iii) ordinary or limited partnership, (iv) co-operative society, (v) special legislation public enterprise, (vi) assets that non-residents hold vis-à-vis notional resident units (and vice versa). There are no quasi-corporations in Spain. The distinction vis-à-vis the net worth of sole proprietorships and partnerships is based on legal status and not on the existence of a complete set of accounts. Annual information from the CBSDO is the main data source. The time lag is around 15 months. Data are grossed up in the same way as explained for unquoted shares. Valuation of other equity is based on own funds of companies at book value. Other equity vis-à-vis non-residents includes real-estate investments of non-residents (insofar as these are considered to be acquired by a "front" resident unit and financed by the issuance of equity vis-à-vis non-residents) and other forms of equity investment by non-residents in Spain.

8.1.5 Insurance technical reserves (F.6)

i) Assets
They include prepayments of insurance premiums and reserves for outstanding claims. Insurance corporations provide very detailed information on the distribution of their technical provisions by type of insurance (motor, fire, etc.). On the basis of certain assumptions, a portion of such provisions is assigned to non-financial corporations.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Asset and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. Information for (A)F.71 and (A)F.79 is only available for stocks, and transactions are derived from stocks as the difference between positions at the beginning and the end of the period.

In the case of (A)F.71 data on trade credits are obtained from the CBSDO and from general government budget outturn information. Ratios from the CBSDO are used to allocate by counterpart sector the amount of trade credits granted.

(A)F.79 includes diverse accounts receivable and payable and other accounts unclassified vis-à-vis general government units (i.e. outstanding taxes and social contributions), credit institutions, insurance corporations, collective investment institutions including money market

funds, other financial intermediaries and financial auxiliaries, as well as accrued interest on deposits/loans vis-à-vis credit institutions.

8.2 Financial corporations (S.12)

The financial corporations sector (S.12) comprises all resident institutional (corporations or quasi-corporations) which are principally engaged in financial intermediation (financial intermediaries) and/or in auxiliary financial activities (financial auxiliaries). Non-profit institutions recognised as independent legal entities serving financial corporations are included.

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank of Spain (Banco de España). Its main sources of information for all assets and liabilities items are the EMU statistical requirements and other details from the Banco de España balance sheet.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
The Banco de España's balance sheet (stocks) and balance of payments information (financial transactions) are the data sources for these financial instruments, which are considered by ESA 95 as financial assets of the monetary authorities and negative financial assets of the rest of the world.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

i) Assets
The Banco de España's EMU statistical requirements are the sources of information for deposits with resident and non-resident monetary financial institutions.
ii) Liabilities
They include, in the currency category, euro-denominated banknotes which are allocated to resident sectors. Until the FASE for 2002, it was considered that the cash (denominated in pesetas) put into circulation by the Banco de España (banknotes) and by the State (coins) corresponded to the cash holdings of the non-financial resident sectors of the Spanish economy. In other words, it was considered that neither the holdings of pesetas of non-resident sectors nor the holdings of foreign banknotes and coins of non-financial resident sectors were significant. As from 2002 (when the euro was adopted), the cash held by the non-financial resident sectors of the euro area is, under the ECB's co-ordination, estimated jointly for all members of the ESCB. In this procedure it is possible to take into account specific national information such as, in the case of Spain, tourism-related transactions and the seasonal behaviour of cash in circulation. The Banco de España's EMU statistical requirements are the sources of information for deposits with resident and non-resident monetary financial institutions.

8.2.1.3 Securities other than shares (F.3)

i) Assets

Details from the Banco de España balance sheet and balance of payments information (for financial transactions regarding securities issued by non-residents) are the main sources of information.
ii) Liabilities
Not applicable.

8.2.1.4 Loans (F.4)

i) Assets
Details from the Banco de España balance sheet are the sources of information for this item.
ii) Liabilities
Not applicable.
8.2.1.5 Shares and other equity (F.5)

i) Assets
The EMU statistical requirements and other details from the Banco de España balance sheet are the data sources regarding the latter's investments in the capital of international organisations.
ii) Liabilities
The Banco de España's EMU statistical requirements and its profit and loss account are the sources of information for the State's holding in the capital of the Banco de España.

8.2.1.6 Insurance technical reserves (F.6)

Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)
Assets / Liabilities
Both are compiled from its accounting balance sheet. They comprise: (i) diverse accounts receivable and payable and other unclassified accounts, (ii) accrued interest on deposits vis-à-vis credit institutions; and (iii) transactions under way with credit institutions.

8.2.2 Other monetary financial institutions (S.122)

This grouping comprises resident institutions, which means in practice that the Spanish financial accounts include the business of the Spanish branches of foreign institutions and do not include the business of Spanish institutions' foreign branches.

Sub-sector S.122 covers credit institutions and money market funds. Credit institutions include banks, savings banks, credit co-operatives, the Official Credit Institute and specialised credit institutions. Money market funds are defined under ECB regulations. When this definition came into force on 1 January 1999 all FIAMMs (a sub-set of UCITS investing in short-term assets) were included under this category. Until then, some of them were included in the sub-sector other financial intermediaries. In 2003 categories of collective investment institutions were re-defined according to their investment policy.

Main sources of information for all assets and liabilities are the EMU statistical requirements and the balance sheets and supplementary statements submitted by credit institutions to the Banco de España, and the EMU statistical requirements submitted by money market funds to

the CNMV. CNMV defines the monetary orientation that mutual funds must have in order to be included in sub-sector S.122, other funds being classified as S.123.

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

i) Assets
Deposits comprise interbank deposits vis-à-vis resident and non-resident financial institutions. Data are from the accounting statements of the institutions in this sector, with the exception of deposits with securities-dealer companies where the source is the balance sheet submitted by these institutions to the CNMV. EMU statistical requirements submitted by money market funds to the CNMV are the sources for deposits held by these institutions with other monetary financial institutions.

ii) Liabilities
Credit institutions' balance sheets are the main source of information for deposits. This category comprises: (i) for transferable deposits: overnight and savings deposits (the latter since June 2005) held by resident and non-resident sectors, except credit institutions; and (ii) for other deposits: all kinds of interbank transactions such as Banco de España Certificates, MFIs' repos, time accounts and mutual accounts; also, deposits held by residents and non-resident sectors other than MFIs in the form of: savings deposits (until May 2005), time deposits (including asset participation certificates) and structured deposits.
Other residents' deposits included in this category are, for example, tax-collection accounts, special registered covered bonds and certain positions arising from financing received in asset securitisation transactions.
In the case of deposits held by the other financial intermediaries sector (S.123) and the financial auxiliaries sector, the main sources are the balance sheets submitted by the institutions included in these sectors to the CNMV.

8.2.2.3 Securities other than shares (F.3)

Assets/ Liabilities
The EMU statistical requirements and the balance sheets and supplementary statements submitted by credit institutions to the Banco de España together with securities market statistics are the data sources for this item. There is a security-by-security database which is used for the compilation of this information (liability side).

8.2.2.4 Loans (F.4)

i) Assets
They include loans extended by credit institutions to resident and non-resident sectors. Main source of information is the EMU statistical requirements, although for loans granted to S.123 S.124 the main sources are their balance sheets. In the case of loans granted to general government the main source is the Banco de España Central Credit Register.
ii) Liabilities
Only loans granted by the Deposit Guarantee Fund are included (information is obtained from its balance sheet).

8.2.2.5 Shares and other equity (F.5)

Assets/ Liabilities
The EMU statistical requirements and the balance sheets and supplementary statements submitted by credit institutions to the Banco de España together with securities market statistics are the data sources for this item.
Also included here are the mutual funds shares issued by the money market funds. The EMU statistical requirements and the balance sheets and profit and loss accounts submitted by these institutions to the CNMV are the main sources of information.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Not applicable
ii) Liabilities
Included here are the reserves set aside to cover future pension payments by the so-called non- autonomous pension funds set up by these institutions. According to Spanish legislation, they (in the same way as other financial institutions) are allowed to pay supplementary pensions to their workers by setting up non-autonomous funds; while for other entities, a system to supplement the social benefits generated by the compulsory social security system must be covered by setting up autonomous pension funds or insurance contracts.

8.2.2.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Asset and liabilities are both compiled for item (A)F.79. The main sources of information for this item are the balance sheet submitted by credit institutions to the Banco de España and the balance sheet submitted by money market funds to the CNMV. The main accounts included are: (i) diverse accounts receivable and payable and other unclassified accounts, (ii) margin deposits with clearing houses in future transactions, (iii) accrued interest on credits and deposits, and (iv) transactions under way between financial corporations.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

This sub-sector consists of financial intermediaries which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, or insurance technical reserves.

Sub-sector S.123 includes:
Collective investment institutions other than MMFs. Comprising: capital market mutual funds (FIMs), closed-end investment companies (SIMs), open-end investment companies (SIMCAVs) and real-estate investment companies and mutual funds. Also included, until December 1998, were FIAMMs that had not been considered MMFs. In 2003 open-end investment companies (SICAVs) were established as the sole investment company category. CNMV defines the monetary orientation that mutual funds must have in order to be included in sub-sector S.122, other funds being classified as S.123.

Securities-dealer companies: These are included in this sub-sector since as part of their business they can take positions for their own account. By contrast, securities agencies, which cannot engage in such business, are considered financial auxiliaries.
Financial vehicle corporations (FVCs) comprise FVCs created to hold mortgage-backed securities, FVCs created to hold asset-backed securities and the nuclear moratorium FVC.
Venture capital funds and companies: funds and companies that provide medium- and long-term funds to firms with difficulties in gaining access to other sources of financing.
Financial holding companies: companies that do not themselves carry out financial intermediation activities but that control a group of subsidiaries that engage in financial intermediation.
Issuers of preference shares: companies other than credit institutions that issue equity units that carry entitlement to the redemption of their face value along with the accrued return (in the event that the company makes a profit), but not the liquidation value of the issuer in the event of dissolution, and that, for the purposes of seniority of debt, stand immediately behind all the creditors. Also included are companies issuing securities with certain features established in law.

The main source of information for all assets and liabilities of the institutions included in this sector is their balance sheets.

8.2.3.1 Currency and deposits (F.2)

Assets/ Liabilities
They include deposits held with resident and non-resident credit institutions. Miscellaneous deposits of securities-dealer companies with resident sectors are included under liabilities.

8.2.3.2 Securities other than shares (F.3)

i) Assets
Details from the balance sheets submitted to the CNMV and accounting statements of the holding companies of financial corporations, obtained from the Mercantile Registries, are the main data sources.
ii) Liabilities
Instruments included in this category are: securitisation promissory notes, promissory notes issued by issuers of preference shares, bonds and notes whose original maturity is more than one year, issued by financial vehicle corporations (asset-backed and mortgage bonds and notes) and issuers of preference shares (shares not entitling the holder to the liquidation value of the issuer). Securities market statistics are the main source of information for this item.

8.2.3.3 Loans (F.4)

i) Assets
On the assets side, the main amount corresponds to non-interbank transfers of assets (including those of credit institutions transferred with all their risks and rights to special purpose vehicles).
ii) Liabilities
On the liability side, repos vis-à-vis non-MFIs, mainly from securities-dealer companies, are recorded here instead of under deposits.

8.2.3.4 Shares and other equity (F.5)

i) Assets
Details from the balance sheets submitted to the CNMV and accounting statements of the holding companies of financial corporations, obtained from the Mercantile Registries, are the main data sources.
ii) Liabilities
Securities market statistics are the main sources of information for issues of quoted/unquoted shares. Instruments issued by collective investment institutions are classified into two categories:
- Mutual funds shares: Shares in capital market mutual funds and in real estate mutual funds
- Shares issued by investment companies: Shares in capital market investment companies (since Law 35/2003, open-end investment companies -SICAVs) and in real estate investment companies.

8.2.3.5 Insurance technical reserves (F.6)

Assets/ Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
(A)F.79 includes diverse accounts receivable and payable and other unclassified accounts, transactions under way between financial corporations, accrued interest and margin deposits in future transactions.

8.2.4 Financial auxiliaries (S.124)

This sub-sector consists of all financial corporations which are principally engaged in activities closely related to financial intermediation but which are not financial intermediaries themselves. They include deposit guarantee funds, securities agencies, mutual guarantee companies, appraisal companies, management companies (of pension funds, mutual funds and portfolios), the Insurance Undertakings Settlement Commission until it was included in the *Consorcio de Compensación de Seguros* (Insurance Compensation Consortium) and the management companies of organised markets and of securities clearing and settlement. Included here are the holding companies that themselves carry out activities of financial auxiliaries. The coverage of sub-sector S.124 may be incomplete - information on currency-exchange bureaux and insurance agents and brokers is not available yet.

8.2.4.1 Currency and deposits (F.2)

i) Assets
They include deposits vis-à-vis credit institutions. The main source of information is the financial auxiliaries' balance sheets.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

i) Assets
Financial auxiliaries' balance sheets are the main source of information for holdings of securities and their breakdown.
ii) Liabilities
They include stocks and transactions when financial auxiliaries act as clearing houses in the financial derivatives markets.

8.2.4.3 Loans (F.4)

i) Assets
They include loans granted by deposit guarantee funds and repurchase agreements of securities agencies.
ii) Liabilities
Financial auxiliaries' balance sheets are the main source of information for loans granted by credit institutions and repurchase agreements.

8.2.4.4 Shares and other equity (F.5)

i) Assets
Financial auxiliaries' balance sheets are the main source of information for holdings of quoted and unquoted shares, mutual funds shares and shares issued by investment companies.
ii) Liabilities
Securities market statistics are the main source of information for quoted and unquoted shares. Additional information from general government accounts is used to estimate holdings of unquoted shares of regional (autonomous) governments and local governments in mutual guarantee companies.

8.2.4.5 Insurance technical reserves (F.6)

Assets/ Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
(A)F.79 includes diverse accounts receivable and payable and other unclassified accounts vis-à-vis insurance corporations, collective investment institutions other than money market funds, non-financial corporations and households. It also includes margin deposits in future transactions and accrued interest on deposits vis-à-vis credit institutions.

8.2.5 Insurance corporations and pension funds (S.125)

This sub-sector consists of life and risk insurance corporations, non-profit insurance institutions, the *Consorcio de Compensación de Seguros* (Insurance Compensation Consortium) and autonomous pension funds.

Insurance corporations

Life and risk insurance corporations: include both corporations (Spanish and foreign subsidiaries) and "mutualidades" (mutual companies), whose operations are similar to those of corporations and which should not be confused with the entities with the same name which are either included under sub-sector S.1314 or with non-profit insurance institutions.

Non-profit insurance institutions: welfare entities mostly set by groups which in some cases maintain pension funds that supplement social security system pensions, provide benefits to their members in (the event of death, birth, etc. and even grant loans). These institutions are autonomous with respect to the groups (companies, associations, etc.) that created and developed them.

Consorcio de Compensación de Seguros (Insurance Compensation Consortium): a public law entity whose object is to cover the extraordinary risks of individuals and property. It is basically financed by surcharges on the premiums paid by policy-holders and by State contributions and loans, although it also receives premiums directly. In addition, it acts as the State's agent in dealings with the Spanish export credit company, the public-sector life and risk insurance corporation that manages, on behalf of the State, the coverage of political risks and certain trade risks affecting Spanish exports. This activity is not included in these accounts, but is consolidated in the State accounts.

Pension funds

Known as autonomous funds, these fall under the control of the Directorate General of Insurance and Pension Funds. They are separate and independent from the assets of the institutions that promote them, do not have separate legal status and are formed by the resources assigned for previously established purposes in their corresponding pension schemes. The funds' management is entrusted to a management and depository institution, and they are monitored by a supervisory committee. Non-autonomous pension funds, i.e. set up by certain credit institutions and non-financial corporations by means of contributions to provision funds or internal reserves, are not included here. These funds figure in the liabilities of the sectors which formed them. A Royal Decree set a deadline of 1 January 2001 for non-financial corporations to convert their non-autonomous pension funds into autonomous ones. Subsequent provisions postponed this to 31 December 2006.

8.2.5.1 Currency and deposits (F.2)

i) Assets

MBS constitute the main source of information as well as international investment position and balance of payments data for deposits with non-resident credit institutions. Insurance corporations' balance sheets provide information on deposits linked to reinsurance transactions.

ii) Liabilities

They only include deposits linked to reinsurance transactions (see the "Insurance technical reserves" section).

8.2.5.2 Securities other than shares (F.3)

i) Assets

Insurance corporations' balance sheets provide all the information about holdings of securities and their breakdown, with the exception of the holdings of financial derivatives (only

transactions) vis-à-vis non-residents, which are obtained from BOP information. Furthermore, security-by-security information is available annually.
ii) Liabilities
Securities market statistics are the main source of information.

8.2.5.3 Loans (F.4)

i) Assets
They cover acquisitions of loans from credit institutions, with all their risks and rights (*asset transfers)*, and loans granted to NFCs and households due to advances on insurance policies (data are obtained from insurance corporations' balance sheets). It also includes repurchase agreements with OFIs (securities-dealer companies' balance sheets are the source of information).
ii) Liabilities
MBS constitute the main source of information together with securities-dealer companies' balance sheets (for repurchase agreements).

8.2.5.4 Shares and other equity (F.5)

i) Assets
Insurance corporations' balance sheets provide all the information about holdings of shares (quoted, unquoted and mutual funds shares) and their breakdown. Furthermore, security-by-security information is available annually.
ii) Liabilities
Securities market statistics are the main source of information (they only cover unquoted shares).

8.2.5.5 Insurance technical reserves (F.6)

i) Assets
They only cover reinsurance transactions with residents and non-residents (see corresponding section below).
ii) Liabilities
Life insurance reserves:
This corresponds to the liabilities of Spanish insurance corporations, excluding those reserves that are assets of autonomous pension funds. These reserves, which are not linked to life insurance, have been recorded in the FASE as "prepayments of insurance premiums and reserves for outstanding claims" of insurance corporations vis-à-vis such funds. Liabilities vis-à-vis non-resident households (policy-holders) cannot be estimated from insurance balance sheets (and/or profit and loss accounts), due to lack of information.

Pension fund reserves:
Included here are the reserves set aside to cover future pension payments by life and risk insurance corporations, by non-profit insurance institutions and by associated, individual and employment pension funds (also known as autonomous pension funds). Liabilities of pension funds vis-à-vis non-resident households (current and former employees of resident employers) are not estimated from pension funds' balance sheets and/or profit and loss accounts because information is not available, although it is assumed to be insignificant.

Prepayments of insurance premiums and reserves for outstanding claims:

This includes the technical provisions created by insurance corporations not reflected in previous sub-categories. These reserves are made up of the premiums written but not earned and of provisions set aside by insurance corporations to meet claims, whether reported or not, that have arisen in the period, but not yet paid. These reserves are assets of the policy-holder sectors and of those awaiting payment under claims in the process of settlement. However, except as regards reinsurance, in the FASE they have been attributed exclusively to households and NFCs, according to the type of insurance from which they have arisen. (Insurance corporations provide very detailed information on technical provisions by type of insurance; on the basis of certain assumptions, they are assigned to each of the sectors mentioned).

Specific case of reinsurance transactions: In the FASE provisions due to reinsurance transactions are reflected under "prepayments of insurance premiums and reserves for outstanding claims". In addition, where the ceding insurance corporation requires a deposit from the accepting corporation to secure the operation, such deposits are recorded under "other deposits" as liabilities or assets, respectively. When an autonomous pension fund insures part of the benefits it has agreed to pay with an insurance corporation, a transaction similar to the one just described arises. Reinsurance transactions are entered into between resident insurance corporations, and between resident and non-resident ones. Reinsurance transactions between resident and non-resident ones are estimated on the basis of premiums paid to/received from ROW. In the FASE, the net balance of technical reserves vis-à-vis ROW is positive, from the viewpoint of resident insurance corporations, since the reinsurance ceded to ROW exceeds the reinsurance accepted from ROW.

8.2.5.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
(A)F.79 includes diverse accounts receivable and payable and other unclassified accounts vis-à-vis monetary financial institutions, insurance corporations, financial auxiliaries, non-financial corporations and households as well as accrued interest on deposits/loans vis-à-vis credit institutions.

8.3 General Government (S.13)

S.1311 Central government: comprises the State and all administrative and similar autonomous agencies reporting to central government. It also includes enterprises controlled by the State that do not comply with the ESA 95 rules for sectorisation as non-financial corporations.

S.1312 Regional (autonomous) governments: included are the management institutions of the regional (autonomous) governments and their administrative and similar autonomous agencies, including the universities for which such governments are responsible, but not their service-producing enterprises or their commercial autonomous agencies (except those that do not comply with ESA 95 for sectorisation as NFCs, which are included here). Social security transferred to the regional (autonomous) governments is also included.

S.1313 Local governments: comprise the provincial, municipal, island, town and minor local authorities, and the groupings to which these units belong. Also included are the administrative and similar autonomous agencies which report to them, but not service-

producing enterprises (except those that do not comply with the criteria of ESA 95 for sectorisation as non-financial corporations, which are included here).

S.1314 Social security funds: comprise the General Treasury and other management entities (mutual insurance companies covering workplace accidents and occupational diseases within the Social Security System, National Social Security Institute, Institute for the Elderly and Social Services, National Health Institute and Naval Welfare Institute), as well as State Employment Public Service and Wage Guarantee Fund, even though the last two have the legal status of autonomous administrative agencies.

Direct information is the sole source data for central government and social security funds. It is the only or main source data for state government and local government except for deposits (which do not use direct information) and securities liabilities (which use a security-by-security database).

When direct sources are not available, other indirect sources have been used. These cases mainly affect the financial account of state government and local government, where the enormous amount of units involved creates difficulties for obtaining direct information. For the state government (17 regional autonomous governments) and the six main municipalities, a testing process has been established in order to check the information compiled through indirect sources with the information available in the related governments' internal records.

8.3.2 Currency and deposits (F.2)

i) Assets
MBS constitute the main indirect source of information. Tax-collection accounts are also included (information from credit institutions' balance sheets).
ii) Liabilities
It is only relevant for the central government regarding the amount of coins placed in circulation. Information is obtained from the Banco de España.

8.3.3 Securities other than shares (F.3)

i) Assets
Securities market statistics and budgetary information constitute the main sources of information.
ii) Liabilities
Data are from the public-debt market book-entry system up to April 2003 and thereafter from the Banco de España and the Directorate General of the Treasury and Financial Policy (for State issues) and Iberclear (for the public-debt book-entry market). Other sources are the Official State Gazette and information on issues supplied by the regional (autonomous) governments and Directorate General of Community Funds and Territorial Financing. The Register of securities issues of CNMV and Official State Gazette, and information on issues supplied by local governments, were also used.

8.3.4 Loans (F.4)

i) Assets
Budgetary information constitutes the main source of information.
ii) Liabilities

Data are from the Banco de España Central Credit Register (resident lenders), and also from the BOP statistics and the IIP for loans with non-residents.

8.3.5 Shares and other equity (F.5)

i) Assets
Data are from CBSDO of Statistics Department for stocks and from budgetary information for transactions. They include holdings of quoted shares (local governments, albeit insignificant), unquoted shares, investments by general government in the capital of state-owned enterprises which do not have the legal status of a public limited company, the State's holding in the capital of Banco de España and in that of ICO (Official Credit Institute) and shares issued by venture capital companies and mutual guarantee companies.
ii) Liabilities
Not applicable.

8.3.6 Insurance technical reserves (F.6)

Assets/ Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Asset and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79.
In the case of (A)F.71 data are obtained from general government budget outturn information on trade credits granted by NFCs.
In the case of (A)F.79, budgetary information constitutes the main source of information for: (i) diverse accounts receivable and payable and other unclassified accounts vis-à-vis credit institutions, non-residents, NFCs and households; (ii) outstanding taxes and social contributions; and (iii) transactions under way between general government bodies. Credit institutions' balance sheets are the main source for accrued interest on deposits/loans.

8.4 Households & S.15 Non-profit Institutions Serving Households (NPISH) (S.14)

Sector S.14 comprises individuals or groups of individuals as consumers and possibly also as entrepreneurs producing market goods and non-financial and financial services provided that, in the latter case, their distribution and financial operations are not separated from their business activity. Sole proprietorships that are not separate legal entities from their owners are included here, except those which, despite not having independent legal status, behave economically and financially like corporations (which ESA 95 calls "quasi-corporations"). The latter are classified under S.11.

This sector also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use, specifically: employees, recipients of property incomes, recipients of pensions, recipients of other transfer incomes and, with the qualifications made above, employers (including own-account workers), owners' associations and jointly held property, etc.

The practical application of this definition in the Financial Accounts involves including individuals and groups of individuals which in their relations with credit institutions and the tax authorities use a particular type of fiscal identity number.

Sector S.15 consists of non-profit institutions which are separate legal entities, serve households and are private other non-market producers (trade unions and professional, scientific, religious, recreational and cultural associations etc.). Their principal resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households, from payments made by general governments (provided they are not controlled and mainly financed by general government), and from property income. If occasional sales cover more than 50% of their costs of production they must be sectorised as non-financial or financial corporations.

Although the sectors households and NPISHs are usually published together, since 2008, there are specific summary tables for both sectors with a breakdown by instrument.

8.4.1 Currency and deposits (F.2)

i) Assets
MBS constitute the main source of information as well as IIP/BOP data for deposits with non-resident credit institutions. The BOP information on travel services and the analysis of information on currency put into circulation by the Banco de España are the main data sources for holdings of euros put into circulation by other euro area NCBs.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

i) Assets
NFCs and households and NPISHs holdings are obtained residually from information exogenous to these sectors. The distribution between NFCs and households and NPISHs is principally based on statements which credit institutions are required by the Banco de España to complete. These detail the nature of the securities deposited with institutions, including own securities, indicating the issuing and holding sectors. This information is set against all information available on the securities markets and that from the remaining sectors of the economy.
ii) Liabilities
Not applicable.

8.4.3 Loans (F.4)

i) Assets
Not applicable.
ii) Liabilities
The information is drawn basically from: supplementary statements reported by credit institutions to the Banco de España,; diverse statistical information used to compile the BOP; general government budgetary outturns, financial vehicles corporations' balance sheets and insurance corporations' balance sheets.

8.4.4 Shares and other equity (F.5)

i) Assets

NFCs and households and NPISHs holdings are obtained residually from information exogenous to these sectors. The distribution between NFCs and households and NPISHs is principally based on statements which credit institutions are required by the Banco de España to complete. These detail the nature of the securities deposited with institutions, including own securities, indicating the issuing and holding sectors. This information is set against all information available on the securities markets and that from the remaining sectors of the economy. Lastly, to assign holdings of mutual funds shares, use is made of an accounting statement created in 1999 which institutions send quarterly to the CNMV.

ii) Liabilities

Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets

Net equity of households in life insurance reserves (AF.611): this item includes the current value of future commitments relating to life insurance policies taken out.

Net equity of households in pension fund reserves (AF.612): included here are the reserves set aside to cover future pension payments by life and risk insurance corporations, by non-profit insurance institutions and by associated, individual and employment pension funds (also known as autonomous pension funds), and by the so-called non-autonomous pension funds set up by other MFIs and, until 2006, by NFCs.

Prepayments of insurance premiums and reserves for outstanding claims (AF.62): prepayments of insurance premiums arise because the duration of the insurance policy does not coincide with the fiscal year of the corporation. Reserves for outstanding claims cover the estimated value of indemnities pending at end of fiscal year.

ii) Liabilities

Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities

Assets and liabilities are both compiled with a breakdown for (A)F.71 and (A)F.79.

Information for (A)F.71 and (A)F.79 is only available for stocks, and transactions are derived from stocks as the difference between positions at the beginning and end of period.

(A)F.71 financial assets and liabilities data are obtained from CBSDO (see section on NFCs).

(A)F.79 includes diverse accounts receivable and payable and other unclassified accounts vis-à-vis general government units (i.e. outstanding taxes and social contributions), credit institutions, insurance corporations, other financial intermediaries and financial auxiliaries, as well as accrued interest on deposits/loans vis-à-vis credit institutions.

8.5 Rest of the world (S2)

This sector covers the transactions and positions between resident and non-resident units.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets

ESA 95 considers monetary gold and SDRs to be financial assets of the monetary authorities and negative financial assets of the ROW. These are the only financial assets of the System which have no corresponding liability, so that transactions involving these instruments always involve a change in ownership of financial assets.

ii) Liabilities

Not applicable.

8.6.2 Currency and deposits (F.2)

Assets/ Liabilities

Holdings by residents of euro banknotes put into circulation by NCBs other than the Banco de España are shown as liabilities of ROW and assets of resident holders (households) sectors. BOP information on travel services and the analysis of information on currency put into circulation by Banco de España are the main data source. In relation to deposits, MBS constitute the main source of information together with resident ICPFs statistics data for deposits with these institutions in relation to re-insurance transactions, and IIP/BOP data are the main source for other resident deposits with non-resident credit institutions.

8.6.3 Securities other than shares (F.3)

IIP/BOP data are the main sources for the claims held by ROW and claims of resident sectors vis-à-vis this sector. There is a security-by-security database for obtaining this information. Furthermore, in the case of securities issued by general government held by non-residents, data are from the public-debt book-entry system.

8.6.4 Loans (F.4)

Assets/ Liabilities

IIP/BOP data are the main source. The information distinguishes between euro area and other non-resident counterparts. In addition, for short-term loans granted to securities-dealer companies the source is the balance sheet they submitted to CNMV; for long-term loans granted by Central Government, the source is the IGAE, and finally, MBS is the data source for loans granted by MFIs.

8.6.5 Shares and other equity (F.5)

ROW holdings are obtained from IIP/BOP data.

8.6.6 Insurance technical reserves (F.6)

Assets/ Liabilities

They only cover reinsurance transactions with residents and non-residents (see S.125). Assets/liabilities are estimated from the premium paid to/ received from ROW in respect of reinsurance transactions. The net position is allocated to the liability side vis-à-vis resident insurance corporations.

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities

Asset and liabilities are both compiled with a breakdown for F.71 and F.79. Information is only available for stocks and it is obtained from the data source of the counterpart sector. In the case of F.71, data are obtained from the CBSDO. The main significant account of F.79 is accrued interest on deposits/loans vis-à-vis credit institutions.

Chapter 9. Annual financial accounts sources and methods: Latvia

1. Institutional arrangements

The Central Statistical Bureau of Latvia (CSB) is responsible for the compilation of annual financial accounts. The Bank of Latvia (BoL) is responsible for MUFA compilation (quarterly data). Methodology is the responsibility of CSB. Two persons from the Macroeconomic Statistics Department of the CSB are involved in the calculation of annual financial accounts and two persons from the Statistics Department of the BoL are involved in MUFA compilation. Financial accounts are based on the data received from the BoL, CSB, the Treasury, Financial and Capital Market Commission, State Revenue Service, etc.

2. Publication

Financial accounts are published once a year in the statistical bulletin "National Accounts of Latvia", with a time lag of t+17 months after the end of the accounting period. CSB disseminates data to Eurostat.

Annual financial accounts data since 1995 are published in statistical data collections "National Accounts in Latvia". Every year the full National Accounts System is published for one year (complex of tables arranged in a set order). All non-consolidated financial accounts tables (Financial account, Other changes in volume of assets accounts, Revaluation account, Opening balance sheet, Changes in balance sheet and Closing balance sheet) are published broken down by sectors (S.2, S.1, S.11, S.12, S.13, S.14 and S.15) and financial instruments (F.1, F.11, F.12, F.2, F.21, F.22, F.29, F.3, F.4, F.5, F.6 and F.7).

3. Production cycle

Provisional annual financial accounts are compiled with a time lag of t+9 months. Final annual financial accounts are compiled with a time lag of t+12 months.

At the moment only few revisions of financial accounts have been made (2000, 2001, 2002 and 2003). Due to lack of resources revisions of financial accounts 1995 – 1999 are planned to be carried out in 2009. Revisions of financial accounts 2004 – 2007 will be started after the harmonization of annual financial accounts and MUFA methodology. Revisions of non-financial accounts 1995 – 2006 were done at the beginning of 2008. All the revised data are sent to Eurostat.

4. Balancing the accounts

5. Consolidation issues

Consolidation methods applied in the annual financial accounts are fully consistent with the method described in the Manual on Sources and Methods for the compilation of ESA95 Financial Accounts.

6. Plausibility checks

7. Ongoing or planned changes to FA production

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Sector S.11 includes all enterprises that are registered in the Enterprise Register and perform economic activities by producing goods and services.

8.1.1 Currency and deposits (F.2)

i) Assets
Data sources: annual surveys "1-FAP" and "1-finanses", annual report of Bank of Latvia, summary of MFI balance sheets, the Treasury and BOP.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Assets/Liabilities
Data sources: Total amount of stocks and transactions from annual survey "1-FAP". Breakdown of counterpart sectors is obtained from counterpart sector source.

8.1.3 Loans (F.4)

Source for inter-company loans granted by NFCs to other resident NFCs: an annual survey on financial positions provides necessary instrument and sector breakdowns.
Loans are not covered between non-affiliated NFCs (i.e. where there is no ownership link between debtor and creditor). There is no information on the capital link between NFC debtor and creditor in the case of domestic loans.
Source for inter-company cross-border loans granted by or to NFCs: BOP/IIP data. Distinction between euro area and other non-resident counterparts is not made.

i) Assets
Coverage of loans granted by NFCs to other sectors: Total amount of stocks from annual survey "1-finanses". Breakdown of counterpart sectors is obtained from counterpart sector source.
ii) Liabilities
Coverage of loans received from other sectors: Total amount of stocks from annual survey "1-finanses". Breakdown of counterpart sectors is obtained from counterpart sector source.

8.1.4 Shares and other equity (F.5)

Assets /Liabilities
Quoted shares (F.511) - data source: Total amount of stocks and transactions from annual survey "1-FAP". Breakdown of counterpart sectors is obtained from counterpart sector source.

Unquoted shares (F.512) - legal form of issuing entities is the joint-stock company. Distinction with quoted shares is based on quotation of share price.

Data sources are MFI (monthly) and other (quarterly), covering 95% of total population. Estimation is also used. Valuation is on the basis of own funds at book value.

Other equity (F.513) - legal forms: incorporated partnership (unlimited partners), ordinary or limited partnership, co-operative society, quasi-corporation. Data sources are quarterly, covering 95% of total population. Estimation is also used. Own funds at book value is used as valuation method.

8.1.5 Insurance technical reserves (F.6)

i) Assets
F.61 - not applicable.
F.62 – summary of insurance corporations and pension funds balance sheets and BOP.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets /Liabilities
Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. Data are obtained from counterpart sector source.
Estimation is used to distinguish (A)F.71 between S.11 and S.14.
The distinction between foreign trade credit and inward/outward FDI loans ((A)F.42) is made in BOP/IIP. (A)F.79 excludes B.9/B.9f adjustments.

8.2 Financial corporations (S.12)

The sector financial corporations (S.12) consists of all institutional units (corporations or quasi-corporations) which are principally engaged in financial intermediation and/or in auxiliary financial activities.

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank. Data sources are annual report of Bank of Latvia and BOP/IIP.

8.2.1.7 Other accounts receivable and payable (F.7)

Assets /Liabilities
Data are obtained from sector source. Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. (A)F.79 excludes B.9/B.9f adjustments.

8.2.2 Other monetary financial institutions (S.122)

Sub-sector S.122 covers institutions, which can be described as commercial or all-purpose banks, mortgage banks, foreign branches and savings unions. Data sources are summary of MFI balance sheets, BOP/IIP, annual report of Bank of Latvia, government finance statistics data and counterpart information.

8.2.2.3 Securities other than shares (F.3)

Financial derivatives (F.34) - The coverage of this financial instrument includes the following sub-categories: Options, Warrants, Futures, Swaps and FRAs. Coverage is gross reported. Allocation between assets and liabilities follows that in the data source. Negative balance sheets are allowed (a possible outcome).

8.2.2.7 Other accounts receivable and payable (F.7)

Data are obtained from a mixture of sector source and estimations. Counterpart sector breakdowns of interest accrued in (A)F.79 are from profit and loss accounts.
In MFI balance sheet items 'remaining assets' and 'remaining liabilities' only “other items” and “suspense items” are included in (A)F.79; some treated as between MFIs, S.11 is assumed counterpart to the remainder. MFI statistics assets and liabilities balance; there is no discrepancy to affect (A)F.7.

i) Assets
MFI balance sheet item 'remaining assets' contain suspense/transit items, precious metals, property for sale, and other assets.
ii) Liabilities
MFI balance sheet item 'remaining liabilities' contain suspense/transit items and other liabilities.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 includes investment funds, specialised corporations engaged in financial leasing and factoring, and corporations which specialise in export/import financing. Data sources are annual report of Bank of Latvia, summary of MFI balance sheets, summary of OFI balance sheets, summary of financial auxiliaries balance sheets, summary of ICPF balance sheets, survey “1-FAP”, government finance statistics data, BOP/IIP and other sources for counterpart information.

8.2.3.4 Shares and other equity (F.5)

Assets /Liabilities
Data source is Financial /Capital Market Commission.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
F.61 - not applicable
F.62 – BoP statistics
ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets /Liabilities
Data are obtained from sector source. Both assets and liabilities are compiled with a

breakdown for (A)F.71 and (A)F.79. (A)F.79 excludes B.9/B.9f adjustments.

8.2.4 Financial auxiliaries (S.124)

The sub-sector covers security brokers, investment funds, insurance brokers, Financial and Capital Market Commission, corporations that manage the flotation of securities, stock and commodity exchanges, foreign exchange offices functioning as independent units and registered with the Enterprise Register. Data sources are annual report of Bank of Latvia, summary of MFI balance sheets, summary of OFI balance sheets, summary of financial auxiliaries balance sheets, summary of ICPF balance sheets, survey "1-FAP", government finance statistics data, BOP/IIP and other sources for counterpart information.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
F.61 - not applicable
F.62 – BoP statistics
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets /Liabilities
Data are obtained from sector source. Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. (A)F.79 excludes B.9/B.9f adjustments.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 covers private life, non-life insurance corporations, reinsurance corporations, private pension funds, Latvian State-funded pension scheme and Latvian-State guarantee funds, supervised by Financial and Capital Market Commission of Latvia. Data sources are annual report of Bank of Latvia, summary of MFI balance sheets, summary of OFI balance sheets, summary of financial auxiliaries balance sheets, summary of ICPF balance sheets, survey "1-FAP", government finance statistics data, BOP/IIP and other sources for counterpart information.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
F.61 - not applicable
F.62 – BoP statistics

ii) Liabilities
Net equity of households in life insurance reserves (F.611) - Liabilities of (life) insurance corporations vis-à-vis non-resident households can be estimated from (life) insurance balance sheet and/or profit and loss accounts.
Net equity of households in pension fund reserves (F.612) - Liabilities of pension funds vis-à-vis non-resident households (current and former employees of resident employers) can be estimated from pension funds' balance sheets and/or profit and loss accounts. The balance sheets and annexes of private pension funds and assets and liabilities of investment plans for

the state-funded pension scheme used for quarterly financial accounts identify AF.612 and, for private pension funds, provide a residency split. Liabilities (AF.612) of investment plans for state-funded pension scheme assets to non-resident households are assumed to be zero.
Prepayments of insurance premiums and reserves for outstanding claims (F.62) - Liabilities of insurance corporations vis-à-vis non-residents can be estimated from insurance corporations balance sheet (and/or profit and loss accounts).
Cross-border reinsurance claims are recorded, not consolidated, but the amounts are not significant.
The balance sheets and annexes of insurance corporations used for quarterly financial accounts provide data on AF.62 with a residency split; AF.62 liabilities to non-residents are zero. The insurance corporations' liability from reinsurance operations (with a residency split) is allocated to AF.71.

8.2.5.6 Other accounts receivable and payable (F.7)

Assets /Liabilities
Data are obtained from sector source. Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. (A)F.79 excludes B.9/B.9f adjustments.

8.3 General Government (S.13)

Sub-sector S.1311 covers Central budgetary institutions: Office of President, Office of the Prime Minister, Parliament, ministries, budgetary organisations, institutions under 50% rule. Sub-sector S.1313 covers units financed from local budgets and located in regions, towns, and rural districts. There are included also, municipal privatization fund, road (street) fund, local special funds and local budgetary organizations. Sub-sector S.1314 covers State Social Insurance Agency.

Data sources are numerous Treasury reports and surveys, also the Treasury information system; annual survey "1-FAP" "Financial Assets and Liabilities" and the quarterly survey "2-FAP" "Financial Assets and Liabilities" from Central Statistical Bureau of Latvia; plus information from the Ministry of Economics.

Central government (S.1311)
The annual survey "Valsts budžeta finanšu bilance" or financial balance sheet of State budget execution is a direct data source provided once a year as a part of "Annual report of state budget execution and local government budgets". Annexes provide detailed information on the positions of the survey. Timeliness for aggregated survey is T+7 months after the reference period.
Part of "Annual report of state budget execution and local government budgets" is also the survey "Valsts budžeta iestāžu grāmatvedības bilance" or non-consolidated accounting balance sheet of the state budget institutions. It shows total assets and liabilities of the state budget institutions. Annexes provide detailed information of the accounting balance sheet. Timeliness for aggregated state budget institutions' survey is T+7 months after the reference period.
"Naudas līdzekļu atlikumi Valsts kases kontos" is the report on amounts of deposits in the Treasury accounts. It is a part of official monthly reports of the Treasury. The frequency of this report is monthly and the timeliness is 15th date after the reference period.
The report "Valsts un pašvaldību parāds" covers information about the state debt and municipal borrowings outside the government sector beginning with the year 2005. Prior to

2005 it covered information only about the state debt. The report "Valsts ārējais parāds" covers information about the state external debt. The report "Valsts parāda vadības atskaite" provides information on transactions and exchange rate fluctuations of state budget debt figures. All are quarterly reports of the Treasury. Timeliness is T+45 days after the reference period.
Two information systems "SAP R/3" and "Information system of state budget (VBIS)" are used as direct data sources in quarterly FA compilation. The first is used only for the data from 2002. They both provide additional information on deposits, loans and debt securities. Information in these systems is updated on a daily basis.
Summary of annual surveys "1-FAP" "Financial Assets and Liabilities" is a direct data source that shows non-consolidated balance sheet items and accounting period transactions of institutions reallocated to S.13 according to the sector delimitation rules. Timeliness for aggregated survey is T+7 months after the reference period.
Information from the Ministry of Economics (Privatisation Agency and other institutions under supervision) is required twice a year for compiling the EDP tables and concerns a total reference year. That information describes the particular financial activities of enterprises where government owns shares or other equity.

Local government (S.1313)
As part of “Annual report of state budget execution and local government budgets", survey "Pašvaldību budžeta iestāžu grāmatvedības bilance" or non-consolidated accounting balance sheet of the municipal budget institutions is a direct data source that shows total assets and liabilities of the municipal budget institutions. Annexes provide detailed information of the accounting balance sheet. Municipal budget institutions submit only annual accounting balance sheets and their annexes.

Beginning with 1999 "Pašvaldību pamatbudžeta, speciālā budžeta, ziedojumu un dāvinājumu izpildes rādītāji" or execution indices of municipalities’ basic budget, special budget and donations from the official monthly reports of the Treasury are used for providing quarterly information on deposits. Timeliness is 15 days after the reference period.

Execution of the programme "Saimnieciskā gada pārskats par Valsts budžeta un pašvaldību budžetu izpildi" or the programme of annual report on the execution of state and municipal budgets is used for providing quarterly information on loans of municipalities beginning with 2005. This information is available on monthly basis. Timeliness is 15 days after the reference period.

Summary of annual surveys "1-FAP" "Financial Assets and Liabilities" is a direct data source that shows non-consolidated balance sheet items and accounting period transactions of institutions reallocated to S.13 according to the sector delimitation rules. Timeliness for aggregated survey is T+7 months after the reference period.

Social security funds (S.1314)
Survey "Grāmatvedības bilance par budžeta daļu" of State Social Insurance Agency or budget accounting balance sheet of State Social Insurance Agency constitute the main direct source of information. From 1998 to 2003 the source is survey "Saimnieciskās darbības gada pārskats" of State Social Insurance Agency or the annual report of State Social Insurance Agency's economic activities.

8.3.2 Currency and deposits (F.2)

i) Assets
Data sources: summary of MFI balance sheets, annual survey ”1-FAP”, "Valsts budžeta iestāžu grāmatvedības bilanču kopsavilkums", "Pašvaldību budžeta iestāžu grāmatvedības bilanču kopsavilkums", appendices of government balance sheets “Valsts budžeta iestāžu naudas līdzekļu, to ekvivalentu un depozītu atlikums”, "Izziņa par valsts budžeta līdzekļu atlikumiem”, “Pārskats par Valsts kases budžeta kontos esošo līdzekļu investīcijām" and “Pašvaldību naudas līdzekļu, to ekvivalentu un depozītu atlikums”.
ii) Liabilities

Data source: The Treasury.

8.3.3 Securities other than shares (F.3)

i) Assets
Data sources: The Treasury and survey “1-FAP”.
ii) Liabilities
Data source: Total amount of stocks and transactions from the Treasury. Breakdown of counterpart sectors is obtained from counterpart sector source.

8.3.4 Loans (F.4)

Assets /Liabilities
Data sources: The Treasury (“Valsts budžeta finanšu balance”, "Valsts budžeta iestāžu grāmatvedības bilance" and "Pašvaldību budžeta iestāžu grāmatvedības bilance") and survey “1-FAP”

8.3.5 Shares and other equity (F.5)

i) Assets
Data sources for F.51: The Treasury (“Līdzdalība radniecīgo kapitālsabiedrību kapitālā”, “Līdzdalība asociēto kapitālsabiedrību kapitālā”, “Finanšu ieguldījumi biržās kotētu kapitālsabiedrību kapitālā”, “Finanšu ieguldījumi biržās nekotētu kapitālsabiedrību kapitālā”), annual report of Bank of Latvia, Privatisation Agency and survey “1-FAP”.
Data sources for F.52: The Treasury (“Pārējie ieguldījumi fondu apliecībās”) and survey “1-FAP”.
ii) Liabilities
Data sources: Annual survey “1-FAP”.

8.3.6 Insurance technical reserves (F.6)

Assets /Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Assets /Liabilities
Data are obtained from sector source as described in 8.3 above, but rely on estimations, available for (A)F.7 only. Both assets and liabilities are compiled with an estimation for (A)F.71 and (A)F.79. (A)F.79 excludes B.9/B.9f adjustments.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Sector S.14 includes all private residents of Latvia as consumers and small private producers not registered with the Enterprise Register.

Sector S.15 includes social organisations - trade unions, associations of fire fighters, sports clubs, unions of composers, political parties and other small institutions in accordance with the register of these institutions monitored by Central Statistical Bureau.

Data sources are MFI balance sheets, credit institutions' reporting, national central bank, government accounts/ departmental sources, State Revenue Service, BOP/IIP and other sources for counterpart information.

8.4.1 Currency and deposits (F.2)

i) Assets

Data sources: annual report of Bank of Latvia and summary of MFI balance sheets.

ii) Liabilities

Not applicable.

8.4.2 Securities other than shares (F.3)

Assets /Liabilities

Data sources: summary of MFI balance sheets and State Revenue Service.

8.4.3 Loans (F.4)

Assets/Liabilities

Data are obtained from counterpart sector source. Both assets and liabilities are compiled with a breakdown for (A)F.41 and (A)F.42.

8.4.4 Shares and other equity (F.5)

Assets/Liabilities

Data are obtained from counterpart sector source.

8.4.5 Insurance technical reserves (F.6)

i) Assets

Net equity of households in life insurance reserves (AF.611) - (A)F.611 liabilities of non-resident (life) insurance corporations to resident households are not identified; they may be included in (A) F.7. Amounts are assumed to be insignificant.

Net equity of households in pension fund reserves (AF.612) - (A)F.611 liabilities of non-resident pension funds to resident households are not identified; they may be included in (A) F.7.

Prepayments of insurance premiums and reserves for outstanding claims (AF.62) - (A)F.62 liabilities of non-resident ICPFs to resident households are not identified; they may be included in (A)F.7.
Cross-border reinsurance claims: insurance company balance sheets record "Debtors from reinsurance operations", included in AF.71, and not consolidated.

ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets /Liabilities
Data are obtained from counterpart sector source. Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. Only Information on stocks for (A)F.71 and (A)F.79 are available. (A)F.79 excludes B.9/B.9f adjustments. It is possible to distinguish (A)F.71 agreed between S.11 and S.14 (estimated).

8.5 Rest of the world (S2)

Residency is according to the terminology of BOP. 'Non-residents' covers all institutions registered abroad and private persons whose households are located outside Latvia or who are staying in Latvia for a period less than one year (except students). Foreign diplomatic and consular representative offices, those of international institutions and other official representative offices in Latvia shall also be considered non-residents. Data sources are BOP/IIP, ICPF balance sheets, government finance statistics data.

8.6.4 Loans (F.4)

Source for inter-company cross-border loans granted by or to NFCs: BOP data. Distinction between euro area and other non-resident counterparts is not made.

8.6.6 Insurance technical reserves (F.6)

i) Assets
Net equity of households in life insurance reserves (F.611) - Liabilities of (life) insurance corporations vis-à-vis non-resident households (policy holders) can be estimated from (life) insurance balance sheet and/or profit and loss accounts.
Net equity of households in pension fund reserves (F.612) - Liabilities of pension funds vis-à-vis non-resident households (current and former employees of resident employers) can be estimated from pension funds' balance sheets and/or profit and loss accounts. Liabilities (AF.612) of investment plans for state-funded pension scheme assets to non-resident households are assumed to be zero.
Prepayments of insurance premiums and reserves for outstanding claims (F.62) - Liabilities of insurance corporations vis-à-vis non-residents can be estimated from insurance corporations' balance sheet and/or profit and loss accounts. Cross-border reinsurance claims are recorded, not consolidated, but amounts are not significant. The item insurance corporations' liability from reinsurance operations (with a residency split) is allocated to AF.71.

ii) Liabilities

Net equity of households in life insurance reserves (F.611) - liabilities of non-resident (life) insurance corporations to resident households are not identified; they may be included in (A) F.7. Amounts are assumed to be insignificant.

Net equity of households in pension fund reserves (F.612) - liabilities of non-resident pension funds to resident households are not identified; they may be included in (A) F.7.

Prepayments of insurance premiums and reserves for outstanding claims (F.62) - liabilities of non-resident ICPFs to resident households are not identified; they may be included in (A) F.7.

Cross-border reinsurance claims: insurance company balance sheets record “Debtors from reinsurance operations”, included in AF.71, and not consolidated.

8.6.7 Other accounts receivable and payable (F.7)

Assets /Liabilities

Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. Data are obtained from Latvia sector source. The import and export trade credit associated with advance and progress payments are obtained from BOP source. The distinction between foreign trade credit and inward/outward FDI loans ((A)F.42) is made in BOP/IIP. (A)F.79 excludes B.9/B.9f adjustments.

Chapter 10. Annual financial accounts – sources and methods: Lithuania

1. Institutional arrangements

The Department of Statistics to the Government of the Republic of Lithuania is responsible for the methodology, compilation and dissemination of annual financial accounts and general government quarterly financial accounts by sub-sectors. Quarterly financial accounts of other sectors and sub-sectors are compiled by the Bank of Lithuania.

The National Accounts Division of Statistics Lithuania is in charge of all work related to financial accounts, as well as for national accounts. Three persons are involved in the production of financial accounts. The process of production and compilation is closely linked with the work of divisions responsible for the collection of primary data from the Bank of Lithuania, the Ministry of Finance, other institutions and divisions of Statistics Lithuania.

2. Publication

Data on FA have been compiled since 1995 and transmitted to Eurostat. Indicators of financial accounts for the period of 1997–2000 were for the first time issued in 2002 in an annual publication *National Accounts of Lithuania of 2000* and since then on it has been published every year.

3. Production cycle

Preliminary annual financial accounts are compiled with a time lag of t+9 months. Nevertheless, they are revised in 15 months after the reference year.

4. Balancing the accounts

Financial transactions are transactions in financial assets and liabilities between institutional units and the rest of the word. In the system, all financial assets have a counterpart liability, with the exception of the financial assets classified in the category Monetary gold and Special Drawing Rights (AF.1). Financial transactions are derived from the changes of stocks in the balance sheets. However, the changes between opening balance sheet and closing balance sheet may also include other flows. Other flows are broken down into revaluations and other changes in the volume of financial assets and liabilities. Flows due to changes in price and fluctuations in exchange rate are recorded in the revaluation account. Changes in the volume are recorded in the account of Other changes in volume.

Financial assets and liabilities have to be valued at market price. This rule is not applied for financial assets and liabilities that do not have a secondary market. These are deposits, loans, and other accounts payable/receivable.

The accrual principle according to ESA 95 is applied to the flows. In financial accounts, accrual principle is applied to:

1. Interest receivable/payable that is recorded as reinvested financial assets;
2. Trade credits when time of delivery of goods and services does not coincide with a corresponding payment.

- Other accounts payable/receivable, which arise from timing differences between accrued transactions and the corresponding payments made in respect of taxes, social contributions, wages and salaries, rents.

5. Consolidation issues

Financial accounts are consolidated and non-consolidated. The non-consolidated financial accounts of a sector cover all financial transactions in which institutional units classified in the sector or sub-sectors are involved. In the process of consolidation of financial accounts, financial transactions between institutional units classified in the sector and sub-sector are eliminated. For consolidation purposes in our practice, all transactions and positions are broken down into:

- "intra" transactions and positions (reciprocal financial assets/liabilities) that belong to a sub-sector;
- "inter" transactions and positions that relate to the sector as a whole, whereas each of its sub-sectors is considered as a single entity.

For the consolidated data at the level of one sub-sector, the "intra" transactions and positions were eliminated. In the case of consolidated data at the level of the sector, transactions and positions of the "intra sub-sectors" and "inter sub-sectors" were eliminated in the data. Non-consolidated data at the level of the sub-sector cover all "intra" transactions and positions in the data. When compiling non-consolidated data at the level of the sector, transactions and positions of "intra sub-sectors" and "inter sub-sectors" are included in the data. Data on a sector are obtained by summing data on its sub-sectors.

6. Plausibility checks

Annual financial accounts are checked with the result of quarterly financial accounts which are compiled by the Central Bank. Verification with non-financial accounts is done as well. Efforts are made to reduce statistical discrepancy between financial and non-financial accounts.

7. Ongoing or planned changes to FA production

There are no plans for the development of the data in current accounts and balance sheets. We will investigate data availability and compilation procedures of transactions and stocks by the counterpart.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Sector S.11 includes all corporations (private and public companies, private close joint-stock companies, public enterprises whose capital is not divided into shares and foreign-controlled companies) whose principal activity is the production of market goods or non-financial services. Public enterprises controlled by the general government and agricultural partnerships are included in this sector. Individual entrepreneurs without legal personality are classified as

households. Data on non-profit institutions which are not reclassified to general government sector according to a 50% criterion are also included in sector S.11.

8.1.1 Currency and deposits (F.2)

i) Assets
Data sources: balance sheet of MFIs, BOP survey.
National currency held by non-financial corporations is broken down according to their outstanding amounts of transferable deposits in domestic banks.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

i) Assets
Data sources: report of the State Treasury Department of the Ministry of Finance, Balance sheet of MF Is, Statistical survey NFCs balance sheet, BOP survey. BOP survey data from "other capital" cover debt securities between direct investors.
ii) Liabilities
Data sources: balance sheet of MFIs, statistical survey NFCs balance sheet, BOP survey. BOP survey data from "other capital" cover debt securities between direct investors.

8.1.3 Loans (F.4)

i) Assets
Data sources: statistical survey NFCs balance sheet, BOP survey. Loans to subsidiaries and associates in non-financial corporations' balance sheets are treated as loans granted by S.11 to S.11 and S.2. BOP data are extracted from "other capital" loans between direct investment enterprises.
ii) Liabilities
Data sources: balance sheet of MFIs, statistical survey of financial leasing companies, report of the State Treasury Department of the Ministry of Finance, BOP survey. Loans to subsidiaries and associates in non-financial corporations' balance sheets are treated as loans granted by S.11 to S.11 and S.2. BOP survey data from "other capital" cover loans between direct investments.

8.1.4 Shares and other equity (F.5)

i) Assets
Data sources: statistical survey of non-financial corporations (NFCs), balance sheet of MFIs, accumulated balance sheet of insurance corporations (ICs) provided by a supervisory authority, BOP survey.
Other equity (F.513)**:** shares issued by non-residents are not broken down into quoted, unquoted and other equity.
ii) Liabilities
Data sources: statistical survey of non-financial corporations (non-MFI), *balance sheet of MFIs*, accumulated balance sheet of ICs provided by a supervisory authority, BOP survey data.

8.1.5 Insurance technical reserves (F.6)

i) Assets
Data sources: accumulated balance sheet of ICs provided by a supervisory authority. Prepayments of insurance premiums and reserves for outstanding claims (AF.62) collected by the national insurance supervisory authority are divided between residents in proportion to residents' premiums written.
BOP/IIP data are not used for estimating any of the three items (A) F.611, (A) F.612 and (A) F.62.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

i) Assets
Data sources: statistical survey of NFCs, statistical survey of non-MFI, balance sheet of MFIs, report of the State Treasury Department of the Ministry of Finance, accumulated balance sheet of ICs provided by a supervisory authority, BOP survey data. All assets are compiled with breakdowns for (A)F.71 and (A)F.79.
Other amount receivable for which there are no counterpart information the item AF.7 is allocated by splitting between S.2 and S.11.
ii) Liabilities
Data sources: statistical survey of NFCs, statistical survey of non-MFI, balance sheet of MFIs, report of the State Treasury Department of the Ministry of Finance, Accumulated balance sheet of ICs provided by a supervisory authority, BOP survey data.
All liabilities are compiled with breakdowns for (A)F.71 and (A)F.79. Data are obtained from a mixture of data sources and estimations ((A)F.71 between S.11, S.14. Other amounts payable for which there are no counterpart information the item AF.7 is allocated by splitting between S.2 and S.11. There are significant accounts of (A)F.79 for taxes and compensation payments. (A)F.79 excludes B.9/B.9f adjustment.

8.2 Financial corporations (S.12)

The sector of financial corporations (S.12) consists of all private and public institutional units that are principally engaged in financial intermediation and financial auxiliary activity.

8.2.1 The Central Bank (S.121)

This sub-sector only includes the National Central Bank.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Data source is the Central Bank balance sheet.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

i) Assets

Data source is the Central Bank balance sheet.
ii) Liabilities
Data source is the Central Bank balance sheet.

8.2.1.3 Securities other than shares (F.3)

i) Assets
A data source is the Central Bank balance sheet.
ii) Liabilities
Not applicable.

8.2.1.4 Loans (F.4)

i) Assets
Data source is the Central Bank balance sheet.
ii) Liabilities
Not applicable.

8.2.1.5 Shares and other equity (F.5)

Assets/ Liabilities
Data source is the Central Bank balance sheet.

8.2.1.6 Insurance technical reserves (F.6)

Assets/ Liabilities
Not applicable

8.2.1.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Not applicable

8.2.2 Other monetary financial institutions (S.122)

Sub-sector S.122 covers depository corporations such as commercial banks, branches of foreign banks, central credit union, credit unions and money market funds.

8.2.2.1 Monetary gold and SDRs (F.1)

Assets/ Liabilities
Not applicable

8.2.2.2 Currency and deposits (F.2)

i) Assets
Data sources: the Central Bank balance sheet, balance sheet of MFIs, BOP survey.
ii) Liabilities
Data sources: balance sheet of MFIs, BOP survey.
Accrued interest payable on deposits is allocated by applying the same proportion as AF.29.

8.2.2.3 Securities other than shares (F.3)

i) Assets
Data sources: report of the State Treasury Department of the Ministry of Finance, balance sheet of MF Is, BOP survey.
Accrued interest receivable on debt securities allocated by applying the same proportion as AF.332.
Financial derivatives transactions F.34 derived from changes in stocks.
ii) Liabilities
Data sources: balance sheet of MF Is, BOP survey.
Accrued interest payable on debt securities allocated by applying the same proportion as AF.332.
Financial derivatives transactions F.34 derived from changes in stocks.

8.2.2.4 Loans (F.4)

i)Assets
Data sources are: balance sheet of MFIs.
Accrued interest receivable on loans allocated by applying the same proportion as AF.42.
ii) Liabilities
Not applicable.

8.2.2.5 Shares and other equity (F.5)

i) Assets
Data sources: balance sheet of MFIs, BOP survey, statistical survey of non-MFI, statistical survey on NFCs balance sheet.
ii) Liabilities
A data sources is the balance sheet of MFIs.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Data sources are counterpart information from liabilities side S-125. Prepayments of insurance premiums and reserves for outstanding claims (AF.62) from annual balance sheets of ICs, collected by the national insurance supervisory authority, are divided between residents in proportion to premiums written.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Data sources: balance sheet of MFIs, BOP survey.
Other amounts receivable allocated to AF.7 by splitting between S.2 and S.11.
Transit items allocated to AF.7 by splitting between S.2 and S.11.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 includes financial leasing companies, open-end and closed-end collective investment undertakings(CIU), category A financial brokerage firms, factoring companies, venture capital companies, companies that finance persons and business, investment holding companies.

8.2.3.1 Currency and deposits (F.2)

i) Assets
Data source: Central Bank balance sheet, balance sheet of MF Is.
ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

i) Assets
Data source: statistical survey of non-MFI, report of State Treasury Department of the Ministry of Finance, annual balance sheets of ICs, collected by the national insurance supervisory authority, BOP survey.
ii) Liabilities
A data source is a statistical survey of non-MFI.

8.2.3.3 Loans (F.4)

i) Assets
Data source: statistical survey of non-MFI, BOP survey, statistical survey on NFCs balance sheet.
ii) Liabilities
Data source: statistical survey of non-MFI, balance sheet of MFIs, BOP survey.

8.2.3.4 Shares and other equity (F.5)

Assets/ Liabilities
Data sources: statistical survey of non-MFI, balance sheet of MF Is, BOP survey, statistical survey on NFCs balance sheet.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
Data source is counterpart information of the sub-sector S.125 in liabilities side. Prepayments of insurance premiums and reserves for outstanding claims (AF.62) from annual balance sheets of ICs, collected by the national insurance supervisory authority are divided between residents in proportion to premiums written.
ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Data sources: statistical survey on NFCs balance sheet, statistical survey of non-MFI, BOP survey.

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers the Vilnius Stock Exchange, Insurance Supervisory Commission, Lithuanian Securities Commission, Central Securities Depository of Lithuania, State company "Deposit and Investment Insurance Fund", B and C category financial brokerage firms, insurance brokers and agents, guarantee companies, management companies, non-profit institutions serving financial corporations

8.2.4.1 Currency and deposits (F.2)

i) Assets
Data source: Central Bank balance sheet, balance sheet of MF Is, BOP survey.
ii) Liabilities
Not applicable.
8.2.4.2 Securities other than shares (F.3)

i) Assets
Data source: statistical survey of non-MFI, report of the State Treasury Department of the Ministry of Finance, annual balance sheets of ICs, collected by the national insurance supervisory authority, *BOP survey.*
ii) Liabilities
Not applicable.

8.2.4.3 Loans (F.4)

i) Assets
Data source: balance sheet of MFIs, statistical survey of non-MFI.
ii) Liabilities
Data source: balance sheet of MF Is, BOP survey, annual balance sheets of ICs, collected by the national insurance supervisory authority.

8.2.4.4 Shares and other equity (F.5)

i) Assets
A data source is counterpart information.
ii) Liabilities
A data source is a statistical survey of non-MFI.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
A data source is counterpart information from liabilities side S-125. Prepayments of insurance premiums and reserves for outstanding claims (AF.62) from annual balance sheets of ICs

collected by the national insurance supervisory authority are divided between residents in proportion to premiums written.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Data sources: statistical survey on NFCs balance sheet, statistical survey of non-MFI, BOP survey.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 comprises life insurance corporations, non-life insurance corporations and pension funds. Funds were founded in 2003. These funds are controlled by the Lithuanian Securities Commission, they do not have a legal status, and are separated from the assets of companies managing pension funds.

8.2.5.1 Currency and deposits (F.2)

i) Assets
Data sources: Central Bank balance sheet, balance sheet of MF Is, BOP survey.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

i) Assets
Data sources: balance sheets of (ICs), collected by the national insurance supervisory authority, report of the State Treasury Department of the Ministry of Finance, balance sheet of MF Is, BOP survey.
ii) Liabilities
Not applicable.
8.2.5.3 Loans (F.4)

i) Assets
Data sources: balance sheets of ICs, collected by the national insurance supervisory authority, BOP survey.
ii) Liabilities
Data sources: balance sheets of ICs, collected by the national insurance supervisory authority, balance sheet of MFIs, BOP survey.

8.2.5.4 Shares and other equity (F.5)

i) Assets
Data sources: balance sheets of ICs, collected by the national insurance supervisory authority, BOP survey, counterpart information.
ii) Liabilities
Data sources: balance sheets of ICs, collected by the national insurance supervisory authority, *BOP survey.*

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
A data source is counterpart information from liabilities side.
ii) Liabilities
Net equity of households in life insurance reserves (F.611) and prepayments of insurance premiums and reserves for outstanding claims (AF.62) calculated from annual balance sheets of ICs, collected by the national insurance supervisory authority and divided between residents and non-residents in proportion to their premiums written.
Non-life insurance technical reserves are broken down by sectors according to contributions. BOP-IIP data are not used for estimating any of the three items (A) F.611, (A) F.612 and (A) F.62.
Reinsurance liabilities to non-residents are recorded in F.7.
Supervisory authority information shows no non-resident household participation in Lithuanian pension funds.

8.2.5.6 Other accounts receivable and payable (F.7)

i) Assets
Data source: balance sheets of ICs, collected by the national insurance supervisory authority, counterpart information.
ii) Liabilities
A data source is balance sheets of ICs, collected by the national insurance supervisory authority. Reinsurance liabilities to non-residents are recorded in F.7.

8.3 General Government (S.13)

Sub-sector S.1311 covers all institutional units and extra-budgetary funds financed by the central government. It also includes some non-profit institutions financed by the central government such as hospitals and rest homes.

Sub-sector S.1313 covers municipalities. It also includes some non-profit institutions financed by the local government such as hospitals and rest homes.

Sub-sector S.1314 covers the Social Security Fund, the Health Insurance Fund and the Employment Fund.

Semi-budgetary and non-profit institutions, which are not reclassified according to 50% criterion, are excluded from sub-sector S.1314.

8.3.2 Currency and deposits (F.2)

i) Assets
For short-term and long-term loans received from domestic banks, Money and banking statistics are used in compiling accounts for all sub-sectors of the general government.
The State Treasury Department of the Ministry of Finance is used as a data source in compiling Currency and deposits (F.2 and AF.2).
ii) Liabilities
Not applicable.

8.3.3 Securities other than shares (F.3)

i) Assets
Not applicable
ii) Liabilities
The State Treasury Department of the Ministry of Finance is used as a data source in compiling Short-term securities (F.331 and AF.331) and Long-term securities (F.332 and AF.332).
Local government does not issue debt securities.

8.3.4 Loans (F.4)

i) Assets
The State Treasury Department of the MOF is used as a data source in compiling Short-term loans granted to public non-financial and financial corporations (F.41 and AF.41) and Long-term loans granted to public non-financial and financial corporations (F.42 and AF.42).
Information about local government loans granted to the municipalities' non-financial enterprises was obtained from the quarterly balance sheets of municipalities. This data source is available at t+60 days with a quarterly frequency.
ii) Liabilities
State Treasury Department of the MOF is used as a data source in compiling Short-term loans received from ROW (F.41 and AF.41) and Long-term loans received from the rest of the world (F.42 and AF.42).
State Treasury Department of the MOF is used as a data source in compiling Short-term loans received from the central government and ROW under central government guarantees (F.41 and AF.41) and Long-term loans received from central government and ROW under central government guarantees (F.42 and AF.42).
At the beginning of 2004 the MOF conducted a statistical survey on local government loans directly received from ROW and financial leasing. These data are available in t+60 days with a quarterly frequency.

8.3.5 Shares and other equity (F.5)

i) Assets
Information about Unquoted shares and Other equity is obtained from a statistical survey. Data of state and municipal enterprises are used to calculate government equity. Data on Quoted shares are available in the Equity list of the Stock Exchange. Data on privatization are received from the State Property Fund. Another data source comes from the MOF; it is used for data checking purposes.
Other equity (F.513): shares issued by non-residents are not broken down into quoted, unquoted and other equity.
ii) Liabilities
Not applicable.

8.3.6 Insurance technical reserves (F.6)

i) Assets
Balance sheets of insurance corporations are the main data source.
ii) Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities

Both assets and liabilities are compiled with breakdowns for (A)F.71 and (A)F.79. Information on stocks and transactions (compiled from stocks) for (A)F.71 and (A)F.79 is available.

For S.1311-14, data are obtained from the reports of the Central government and Social security fund.

There are significant accounts of (A)F.79 for taxes and compensation/restitution payments. (A)F.79 excludes B.9/B.9f adjustment.

One large element in (A)F.79 relates to an S.1311 liability (compensation for lost savings and real estate) to S.14.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

The households sector is defined as a small group of persons who share the same living accommodation, pool some, or all, of their income and wealth, consume certain types of goods and services collectively (mainly housing and food), also may produce goods or services for the market or for own final use. Households, as producers, include individual enterprises (unincorporated enterprises), farmers and natural persons as patent and licence holders.

Sector S.15 includes legal or social entities created for the purpose of producing goods and services the status of which does not permit them to be a source of income, profit or other financial gain to the units that establish, control or finance them. It includes political parties, trade unions, religious and professional associations, recreational and sports clubs, etc

Data on non-profit institutions serving households (NPISH, sector S.15) are available only to a very limited extent. Semi-budgetary and non-profit institutions, which are not reclassified to non-financial corporations and general government sector according to 50% criterion, are included in sector S.15.

Churches and non-profit institutions which are not reclassified according to 50% criterion are included in sector S.15.

8.4.1 Currency and deposits (F.2)

i) Assets

Data sources: balance sheet of MF Is, Central Bank balance sheet.

National currency held by households is split according to their outstanding amounts of transferable deposits in domestic banks.

ii) Liabilities

Not applicable.

8.4.2 Securities other than shares (F.3)

i) Assets

Data sources: statistical survey on NFCs balance sheet, report of State Treasury Department of the Ministry of Finance, annual balance sheets of ICs, collected by the national insurance supervisory authority, statistical survey of non-MFI, BOP survey.

ii) Liabilities
Not applicable.

8.4.3 Loans (F.4)

i) Assets
Not applicable.
ii) Liabilities
Data sources: statistical survey of MFI, statistical survey of non-MFI, BOP survey.

8.4.4 Shares and other equity (F.5)

i) Assets
Data sources: statistical survey on NFCs balance sheet, statistical survey of MFI, statistical survey of non-MFI, counterpart information.
Other equity (F.513)**:** shares issued by non-residents are not broken down into quoted, unquoted and other equity.
ii) Liabilities
Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets
Net equity of households in life insurance reserves (AF.611) data from annual balance sheets of ICs, collected by the national insurance supervisory authority; net equity of households in pension fund reserves (AF.612) data from statistical survey pension funds balance sheet.
Prepayments of insurance premiums and reserves for outstanding claims (AF.62) from annual balance sheets of ICs, collected by the national insurance supervisory authority, are divided between residents in proportion to premiums written.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Information compiled from stocks for (A)F.71 and (A)F.79 is available. Data are obtained from a mixture of a counterpart sector source and estimations ((A)F.71 between S.11, S.14).
There are significant accounts of (A)F.79 for taxes and compensation/restitution payments. (A)F.79 excludes B.9/B.9f adjustment. One large element in (A)F.79 relates to an S.1311 liability (compensation for lost savings and real estate) to S.14.

8.5 Rest of the world (S2)

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
Data source is the BOP survey.
ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

Assets/ Liabilities
Data source is the BOP survey.

8.6.3 Securities other than shares (F.3)

Assets/ Liabilities
Data source is the BOP survey.

8.6.4 Loans (F.4)

Assets/ Liabilities
Data source is the BOP survey, which covers FDI loans, debt securities and trade credits between direct investors and direct investment enterprises. A non-FDI element is extracted from "other capital" also using BOP data.

8.6.5 Shares and other equity (F.5)

Assets/ Liabilities
Data sources: BOP survey and counterpart information.
Other equity (F.513)**:** shares issued by non-residents are not broken down into quoted, unquoted and other equity.

8.6.6 Insurance technical reserves (F.6)

i) Assets
Counterpart information comes from the liability side of sub-sector S.125
ii) Liabilities
Prepayments of insurance premiums and reserves for outstanding claims (F.62) – data are not available for insurance technical reserves that are liabilities of non-resident insurance corporations and pension funds.

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Both assets and liabilities are compiled with breakdowns for (A)F.71 and (A)F.79. Information on stocks and transactions (compiled from stocks) for (A)F.71 and (A)F.79 is available. The import and export trade credit associated with advance and progress payments is obtained from the balance of payments source.

Chapter 11. Financial accounts sources and methods: Hungary

1. Institutional arrangements

According to the institutional arrangements between the Hungarian Central Statistical Office (CSO) and the Magyar Nemzeti Bank (MNB), the MNB is responsible for the compilation of financial accounts in Hungary. The CSO is responsible for the compilation of non-financial accounts. There is a Cooperation Agreement between the CSO and MNB. The Cooperation Agreement contains a Working Plan, which is updated and evaluated on yearly basis. The Working Plan contains - among others - the tasks relating to the harmonisation of financial and non-financial accounts. There are three working groups dealing with the harmonisation of the accounts: the first group is dealing with the general government sector, the second group is dealing with the rest of the world and the third group is responsible for the other sectors.

The compilation of financial accounts is the task of the Financial Accounts Division of the Statistics Department inside the MNB. Five persons are involved directly in the compilation and the publication of the financial accounts. The Financial Accounts Division collects and processes information relating to all sectors of the financial accounts, except for balance of payments and monetary statistics. Methodology is based on the ESA 95 and SNA 93 system of accounts.

2. Publication

Since 1 April 2003, the MNB has published data for every sector on a quarterly basis with a 3-month time lag. Since 1 July 2005 time series have been compiled back to 1990. The time series contain data on stocks, transactions and revaluations (holding gains and losses). The time series are available by the following sectors and sub-sectors: S.1, S.11, S.12, S.121, S.122, S.123, S.124, S.125, S.13, S.1311, S.1313, S.1314, S.14, S.15, S.2. Beside the standard instrument breakdown, further breakdowns are also available by currency and counterpart sectors. The time series are consistent in full length, there are no breaks in the series. In 2006, the MNB started to publish preliminary quarterly financial accounts for the general government (S.13 and subsectors) and the household (S.14) sectors with a 46-day time lag.

3. Production cycle

The compilation of quarterly financial accounts contains 2 rounds. Preliminary balance of payments (BoP and IIP), monetary (MBS) and securities statistics (SS), government data sources and data from Supervisory Authority are used for the compilation of preliminary financial accounts of the general government and households (t+46 days). In this compilation round only the general government net borrowing (B.9f) can be compared with the cash-flow balance of the budgetary government accounts obtained from the State Treasury.

For the second round (when all the sectors are involved), final BoP/IIP data are available by t+80 days and all the other quarterly sources are at hand by t+65 days. The updated government accounts are cross-checked with the non-financial accounts and the rest of the world accounts with the BoP balances. For the other sectors, figures cannot be compared on quarterly basis because the non-financial side of the account is not complete.

About 10% of the figures of the financial accounts are estimates based on annual corporate balance sheet data available with a 10-month (preliminary) and 15-month (final) time lag. These figures relate mainly to the shares and equity issued by non-financial corporations and held by different sectors and to the loans, trade credits and other accounts receivable/payable granted by non-financial corporations to other non-financial corporations. These items contain estimates on quarterly basis which may change when the new annual figures are available.

The MNB does not produce separate annual financial accounts. The quarterly financial accounts are complete for coverage and breakdown regarding all sectors and instruments, so the annual accounts can be derived from the quarterly ones. The financial accounts are cross-checked on annual basis with the non-financial accounts when they are available (t+17 months).

4. Balancing the accounts

The compilation method developed by the MNB for the production of financial accounts ensures full consistency inside the statistics. Transactions are calculated mostly on residual basis which makes the stocks and flows consistent. In Hungary, financial accounts are compiled not by sectors but by instruments. For all instruments, counterpart sectors are reported or estimated and the items from the selected data-source are always put into two places: to the asset side of the creditor sector and to the liability side of the debtor sector which ensures the horizontal consistency (among sectors, even on instrument level) inside the financial accounts. There is no direct balancing process between the financial and non-financial accounts for reducing the discrepancy in B.9.

5. Consolidation issues

All items which enter the financial accounts compilation system must be broken down by counterpart sectors. The consolidation means elimination of the items where the debtor and creditor sectors (sub-sectors) are the same. The accounts are consolidated on institutional unit level. (For instance, Central Bank (S.121) is always consolidated.) The households (S.14) and the NPISHs (S.15) are also consolidated because the MNB does not collect direct information from the households and the direct sources on NPISHs does not allow the identification of intra-sectoral relations. For other sectors, direct sources are used for intra-sectoral items, with the exception of most of securities.

6. Plausibility checks

From all data sources quarterly time-series are made and consistency among quarters is continuously examined. In case of big changes, the compilers of the financial accounts regularly go back to the primary source statistics or directly to the external data-suppliers. The products of the financial accounts statistics are examined by sectors and sub-sectors. The net lending/net borrowing position (B.9f) of financial corporations is checked on quarterly basis by sub-sectors for being near to zero. The revaluations (nominal holding gains or losses) are analysed by instruments and should be in line with the exchange rate movements or with the revaluation of different securities at the secondary market. There are no specific corrections for influence the net lending/net borrowing of the institutional sectors when they differ from net lending/net borrowing measured at the non-financial accounts.

7. Ongoing or planned changes to FA production

The ongoing harmonisation process of financial and non-financial accounts can result in minor changes in the compilation process and results of financial accounts. There are no other developments which could significantly change the output of the statistics.

8. Sources and methods by institutional sector and financial instrument

Hungarian financial accounts are compiled not by sectors but by instruments. The data source of the figures appearing at a specific sector depends on the type of instrument. All figures related to securities (except a part of non-quoted shares and other equity) come from the securities statistics (security holdings statistics) of the MNB.

8.1 Non-financial corporations (S.11)

Sector S.11 includes corporations that produce goods and non-financial services. Certain corporations are included in the general government sector (see section 8.3). Sole proprietors are classified into the household sector. According to the classification of the CSO, a set of non-profit institutions is included in the NFC sector as well.

In Hungarian practice, sector S.11 is divided into two parts: special purpose entities (SPEs) and normal corporations. The regular publications of financial accounts at national level do not contain the SPEs as part of the sectors NFC (S.11) and ROW (S.2). The SPEs are included in the data transmissions to the international organisations.

8.1.1 Currency and deposits (F.2)

i) Assets
Domestic currency (HUF) is estimated using annual balance sheet data, statistical survey and residual amounts after deduction of known holdings from the issued totals (liabilities of the MNB). Foreign currency holdings are estimated using statistical data- ollections.
Data on deposits of non-financial corporations with resident credit institutions (MFIs) come from the monetary statistics (MBS). Accrued interests are included. Deposits with non-residents (MFIs) are covered by the statistical surveys for BoP/IIP statistics. Inter-corporation “deposits” (cash-pool) and repos are always excluded from the deposits (F.2), they are classified as loans (F.4). Deposits are broken down by type (transferable/short term/long term) and currency (domestic/foreign).
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

i) Assets
Debt securities (F.33) are fully covered by the security holdings statistics at gross market value (including accrued interest).
Financial derivatives (F.34) are covered from counterpart sources (domestic part) or direct sources (non-resident part, BoP statistics).
ii) Liabilities

Debt securities (F.33) are fully covered by the security holdings statistics at gross market value (including accrued interest).
Financial derivatives (F.34) are covered from counterpart sources (domestic part) or direct sources (non-resident part, BoP statistics).

8.1.3 Loans (F.4)

Assets/ Liabilities
Loans granted by non-financial corporations to other sectors (excluding S.14 and S.2) are covered using counterpart sector information. Inter-company loans and loans to households are estimated from the annual reports and corporate tax declarations of resident corporations. Data on loans granted to non-residents come from direct statistical sources (BoP statistics). Additional data sources help the estimation of loans granted by non-financial corporations to their employees.

8.1.4 Shares and other equity (F.5)

Assets/ Liabilities
Quoted shares (F.511) and mutual fund shares (F.52) are fully covered by the security holdings statistics at market price. Holdings of non-quoted shares and other equity are covered from direct and indirect sources using balance sheet information, BoP statistics and security holding statistics. Non-quoted shares and other equity are valued at corrected own capital value of the corporations. The amounts are calculated on corporation by corporation basis.

8.1.5 Insurance technical reserves (F.6)

i) Assets
The amounts recorded here come from counterpart (insurance corporations) sources. Only claims vis-à-vis resident insurance corporations are covered. The non-resident part is considered to be zero.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Both assets and liabilities are compiled with breakdowns for (A)F.71 and (A)F.79. Accrued interests are not included - they form part of the underlying interest-bearing instruments.

Assets/ Liabilities
Data are obtained from a mixture of sector source, counterpart sector source and estimation. Trade credits, advances and other accounts receivable related to counterpart sectors (except households) are covered by counterpart sources (BoP/IIP, government accounts, balance sheets of financial corporations, nonprofit institutions) or estimation based on government sources (on taxes or EU-flows). Trade credits granted by households (S.14) and inter-company trade credits and other accounts receivable/payable are estimated using corporate balance sheets (quarterly and annual reports, corporate tax declarations). Other accounts payable related to wages and salaries (vis-à-vis households) are estimated on the basis of the wage statistics of the CSO.

8.2 Financial corporations (S.12)

Financial corporations sector is divided into 5 sub-sectors according to ESA 95 methodology. MNB publishes the complete list of institutions included in the financial corporations sector (and sub-sectors) on monthly basis for statistical purposes (for the data suppliers which have to detail their assets and liabilities or deposited securities according to counterpart sectors). Additional lists (on governmental or nonprofit units) published by the MNB help the sectorisation of the partners of the reporting units. The sector classification of resident units in Hungary is harmonised across statistics.

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank (MNB). Data appearing in the financial accounts are fully covered by own sources but they are collected and channelled through different statistics. The items related to the RoW come from the BoP/IIP statistics, the data on securities held or issued by the central bank come from the security holdings statistics and the other items are taken from the statistical balance sheet used by the monetary statistics of the MNB.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Data source of these instruments is the BoP/IIP statistics of the MNB. All figures come from the accounting records of the central bank.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

Assets/ Liabilities
For items related to the RoW, the source of data is the BoP/IIP statistics. For other items, the statistical balance sheet of the MNB is used (this data source is the primary source for the counterpart sectors as well.). Accrued interests are always included. Repos are recorded under loans. Currency (F.21), transferable deposits (F.22) and other (short term, long term) deposits (F.29) are separately recorded in financial accounts. Domestic and foreign currency breakdown of the instruments is also available.

8.2.1.3 Securities other than shares (F.3)

Assets/ Liabilities
For items related to the RoW, the source of data is the BoP/IIP statistics. The data provider is the central bank (MNB). Data on securities held by the central bank and issued by residents come from the security holdings statistics. The data provider in this case is the central bank as well. All securities are valued at gross market value including accrued interest. Short term (F.331), long term (F.332) debt securities and financial derivatives (F.34) are the sub-categories of the instrument in financial accounts. Domestic and foreign currency parts are separately available.

8.2.1.4 Loans (F.4)

Assets/ Liabilities
Loans granted by the central bank to non-resident partners are covered by the BoP/IIP statistics from central bank sources. Loans granted to resident sectors are taken from the statistical balance sheet of the MNB for monetary statistics purposes. These figures are used for the counterpart sectors as well. Accrued interests are always reinvested in the underlying instrument. Financial accounts statistics distinguish between short term and long term loans according to the ESA 95 methodology. There is also a distinction between loans and deposits on the liability side of MFIs according to the legal type of contracts. Domestic and foreign currency parts are separately available. Repos are included.

8.2.1.5 Shares and other equity (F.5)

i) Assets
The central bank holds a limited set of shares and other equity. The holdings of non-resident units (participation in international organisations) are covered by the BoP/IIP statistics from central bank sources and treated as other equity (F.513) in financial accounts. The shares and equity in resident corporations are recorded and valued on corporation by corporation basis using their balance sheets.
ii) Liabilities
The central bank (MNB) is a public corporation limited by shares. The shares issued by the bank are valued at book value including all reserves and profits not distributed and treated as non-quoted shares (F.512) in financial accounts. The same amounts appear at the asset side of the central government sector. For the central bank (and for the central government as counterpart), the financial accounts contain the reinvested earnings calculated from the statistical result (profit or loss) of the central bank not distributed/reimbursed is cash. According to the view of the financial accounts compilers, this method applied can only reflect the complex financial relationship between the central bank and the state. With this solution, the net lending/net borrowing (B.9f) position of the central bank is always near to zero and the net lending/net borrowing of the central government is affected accordingly. This method is not applied in other statistics on resident units.

8.2.1.6 Insurance technical reserves (F.6)

i) Assets
Not relevant for the central bank.
ii) Liabilities
Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Data come from the statistical balance sheet of the MNB. Trade credits and advances (F.71) are separately reported. Accrued interests are not included here.

8.2.2 Other monetary financial institutions (S.122)

Sub-sector S.122 encompasses the commercial banks, specialised credit institutions, building societies and saving and credit co-operatives. This sub-sector also includes money market

funds constituting a class of mutual funds. Hungarian financial accounts are compiled using different sources regarding OMFIs. According to the hierarchy of sources established by the compilers, security holdings statistics, BoP/IIP statistics and central bank data have priority over the OMFI sources.

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

i) Assets
Foreign currency (cash) and deposit holdings with non-residents are covered through the BoP/IIP statistics (reporting units are the OMFIs). Domestic cash holdings are taken from the OMFI statistical reports. Deposits with the central bank come from counterpart information. Inter-bank deposits are calculated using OMFI statistical reports, the average of the assets and liabilities appears both on the asset and liability side. Accrued interests are always included. Repos are recorded under loans. Currency (F.21), transferable deposits (F.22) and other (short term, long term) deposits (F.29) are separately recorded in financial accounts. Domestic and foreign currency breakdown of the instruments is also available.
ii) Liabilities
Deposits with non-residents are covered through the BoP/IIP statistics (reporting units are the OMFIs). Inter-bank deposits are calculated using OMFI statistical reports, the average of the assets and liabilities appears both on the asset and liability side. Accrued interests are always included. Repos are recorded under loans. Transferable deposits (F.22) and other (short term, long term) deposits (F.29) are separately recorded in financial accounts. Domestic and foreign currency breakdown of the instruments is also available.

8.2.2.3 Securities other than shares (F.3)

Assets/ Liabilities
For items related to the RoW, the source of data is the BoP/IIP statistics. The data provider is the security holdings statistics. Data on securities held by OMFIs and issued by residents come directly from the security holdings statistics. Financial derivatives (stocks and flows) are covered by special statistical survey. All securities are valued at gross market value including accrued interest. Short term (F.331), long term (F.332) debt securities and financial derivatives (F.34) are the sub-categories of the instrument in financial accounts. Domestic and foreign currency parts are separately available.

8.2.2.4 Loans (F.4)

i) Assets
Loans granted by the OMFIs to non-resident partners are covered by the BoP/IIP statistics and data come from OMFI reports. Loans granted to resident sectors are taken from the statistical balance sheet of the OMFIs for monetary statistics purposes. These figures are used for the counterpart sectors (financial and non-financial corporations, government units, households, NPISH) as well. Accrued interests are always reinvested in the underlying instrument. Financial accounts statistics distinguish between short term and long term loans according to the ESA 95 methodology. Domestic and foreign currency parts are separately available.

Repos are included. In case of inter-bank loans, the average of the assets and liabilities reported is used.

ii) Liabilities
Loans granted by non-resident partners to OMFIs are covered by the BoP/IIP statistics and data come from OMFI reports. Loans granted by the central bank come from counterpart information. Loans taken from other resident sectors come from the statistical balance sheet of the OMFIs for monetary statistics purposes. These figures are used for the counterpart sectors (financial and non-financial corporations, government units, households, NPISH) as well. Accrued interests are always reinvested in the underlying instrument. Financial accounts statistics distinguish between short term and long term loans according to the ESA 95 methodology. Domestic and foreign currency parts are separately available. Repos are included. In case of inter-bank loans, the average of the assets and liabilities reported is used.

8.2.2.5 Shares and other equity (F.5)

i) Assets
Quoted shares (F.511) and mutual fund shares (F.52) held by the sector are fully covered by the security holdings statistics at market price. Holdings of non-quoted shares and other equity are covered from direct and indirect sources using balance sheet and counterpart information, BoP/IIP statistics and security holding statistics. Non-quoted shares and other equity are valued at corrected own capital value of the corporations. The amounts are calculated mainly on corporation by corporation basis. In the case of resident counterparts (issuers) transactions are estimated from stocks.
ii) Liabilities
Quoted shares (F.511) and mutual fund shares (F.52) held by the sector are fully covered by the security holdings statistics at market price. Holdings of non-quoted shares and other equity are covered predominantly by direct sources using balance sheet information, BoP/IIP statistics and security holding statistics. Non-quoted shares and other equity are valued at corrected own capital value of the corporations. The amounts are calculated mainly on corporation by corporation basis. In case of resident holder sectors, transactions are estimated from stocks. In case of mutual fund shares, reinvested earnings form part of the transactions as well, consistently with the holder sectors.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Amounts concerned are negligible.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

i) Assets
Trade credits and advances (F.71) and other accounts payable/receivable (F.79) are separately presented in the financial accounts. The amounts related to the RoW are covered by the BoP/IIP statistics, data related to resident partners come from own sources (statistical balance sheet of OMFIs). Accrued interests are included in the interest bearing instruments.
ii) Liabilities

Trade credits and advances (F.71) and other accounts payable/receivable (F.79) are separately presented in the financial accounts. The amounts related to the RoW are covered by the BoP/IIP statistics, data related to resident partners come from own sources (statistical balance sheet of OMFIs). Remaining other liabilities in the balance sheet are omitted: liabilities linked to financial derivatives, accrued interest, declared dividends, items in transit. Accrued interests are included in the interest bearing instruments. Items in transit are included in the deposits.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 includes mutual funds excluding money market funds, fund management companies, financial leasing companies, securities dealers and investment companies as well as other financial corporations engaged in financial intermediation which raise funds through non-deposit liabilities. The sector is fully covered by direct reports (statistical and supervisory reports, annual reports). However, counterpart information is intensively used in financial accounts according to the hierarchy of sources. This sub-sector is separately presented in the financial accounts.

8.2.3.1 Currency and deposits (F.2)

i) Assets
Domestic and foreign currency (cash) holdings are reported by the units included in the sector. Deposits with resident MFIs are taken from counterpart sources. Deposits held abroad are covered by the BoP/IIP statistics. Accrued interests are included. Repos are recorded under loans. Currency (F.21), transferable deposits (F.22) and other (short term, long term) deposits (F.29) are separately recorded in financial accounts. Domestic and foreign currency breakdown of the instruments is also available.
ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

Assets/ Liabilities
All data on debt securities held by the sector come from the security holdings statistics of the MNB. Figures are cross-checked with direct sources. Short term and long term securities are presented separately. Financial derivatives are covered by direct reports.

8.2.3.3 Loans (F.4)

i) Assets
According to the hierarchy of sources, loans granted to resident MFIs come from counterpart sources, loans to non-residents from BoP/IIP statistics. All other data related to loans granted are covered by direct sources. These figures appear at the counterpart (debtor) sectors (households, non-financial corporations, government sub-sectors, NPISH) as well and are assumed to be long term loans. Accrued interests are included. Domestic and foreign currency breakdown of the instruments is also available.
ii) Liabilities
According to the hierarchy of sources, loans granted by resident MFIs come from counterpart sources, loans vis-à-vis non-residents from BoP/IIP statistics. All other data related to loans

are covered by direct sources (small amounts). These figures appear at the counterpart (creditor) sectors (households, non-financial corporations) as well. Accrued interests are included. Domestic and foreign currency breakdown of the instruments is also available.

8.2.3.4 Shares and other equity (F.5)

i) Assets
Quoted shares (F.511) and mutual fund shares (F.52) are fully covered by the security holdings statistics at market price. Holdings of non-quoted shares and other equity (small amounts) are covered from direct and indirect sources using balance sheet information, BoP statistics and security holding statistics. Non-quoted shares and other equity are valued at corrected own capital value of the issuer corporations or at book value recorded by the holder units.
ii) Liabilities
Quoted shares (F.511) and mutual fund shares (F.52) are fully covered by the security holdings statistics at market price. Non-quoted shares and other equity (small amounts) issued are covered from direct and indirect sources using balance sheet information, BoP statistics and security holding statistics. Non-quoted shares and other equity are valued at corrected own capital value of the issuer corporations. Figures are compiled on corporation by corporation basis. In case of mutual fund shares, reinvested earnings form part of the transactions as well, consistently with the holder sectors.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
Amounts are assumed to be negligible in financial accounts.
ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Amounts are estimated using direct and indirect (counterpart) sources. The totals come from the balance sheet of the units included in the sector. The non-financial corporations sector is the residual counterpart for remaining amounts after subtracting all the known counterparts from the totals. Trade credits and others are divided according to the balance sheet information. The amounts vis-à-vis resident partners are assumed to be denominated in domestic currency. Accrued interests are included in the interest bearing instruments.

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers security brokers, insurance brokers, stock and commodity exchanges, clearing houses, financial guarantee funds and other financial auxiliaries whose activities closely related to financial intermediation. Included are also some non-profit institutions which are financed and controlled mainly by financial corporations. The coverage of the sub-sector is full on annual basis using annual reports of units included. Counterpart information and estimation are intensively used in financial accounts for the full coverage on quarterly basis.

8.2.4.1 Currency and deposits (F.2)

i) Assets
The figures on currency holdings are derived from balance sheet information. Deposits with resident MFIs are taken from counterpart sources. Deposits held abroad are covered by the BoP/IIP statistics. Accrued interests are included. Repos are recorded under loans. Currency (F.21), transferable deposits (F.22) and other (short term, long term) deposits (F.29) are separately recorded in financial accounts. Domestic and foreign currency breakdown of the instruments is also available.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

Assets/ Liabilities
All data on debt securities held by the sector come from the security holdings statistics of the MNB. Figures are cross-checked with direct sources. Short term and long term securities are presented separately. Financial derivatives are assumed to be negligible for this sub-sector. (Quarterly statistical reports cover this instrument.)

8.2.4.3 Loans (F.4)

Assets/ Liabilities
According to the hierarchy of sources, loans granted by/to resident MFIs and OFIs come from counterpart sources, loans from/to non-residents from BoP/IIP statistics (with negligible amounts). All other data related to loans granted are covered by direct sources (small amounts). These figures appear at the counterpart (sectors (households, non-financial corporations) as well and are assumed to be long term loans. Accrued interests are included.

8.2.4.4 Shares and other equity (F.5)

i) Assets
Quoted shares (F.511) and mutual fund shares (F.52) are fully covered by the security holdings statistics at market price. Holdings of non-quoted shares and other equity (small amounts) are covered from direct and indirect sources using balance sheet information, BoP statistics and security holding statistics. Non-quoted shares and other equity are valued at book value recorded by the holder units.
ii) Liabilities
Quoted shares (F.511) do not exist, mutual fund shares (F.52) issued are not applicable for this sector. Non-quoted shares and other equity issued (small amounts) are covered from direct and indirect sources using balance sheet information, BoP statistics and security holding statistics. Non-quoted shares and other equity are valued at own capital value of the corporations.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
The amounts are assumed to be negligible.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Amounts are estimated using direct and indirect (counterpart) sources. The non-financial corporations sector is the residual counterpart for remaining amounts after subtracting all the known counterparts from the totals. Trade credits (F.71) and others (F.79) are presented separately. The amounts vis-à-vis resident partners are assumed to be denominated in domestic currency. Accrued interests are included in the interest bearing instruments.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 comprises all insurance corporations, insurance associations, pension funds, health funds and voluntary mutual pension and insurance funds. The coverage of the sub-sector is full using direct (statistical, supervisory) information on quarterly basis. However, indirect information is intensively used for assuring the proper valuation and breakdown of instrument and consistency with the counterpart sectors.

8.2.5.1 Currency and deposits (F.2)

i) Assets
Domestic and foreign currency (cash) holdings are reported by the units included in the sector. Deposits with resident MFIs are taken from counterpart sources. Deposits held abroad are covered by the BoP/IIP statistics. Accrued interests are included. Repos are recorded under loans. Currency (F.21), transferable deposits (F.22) and other (short term, long term) deposits (F.29) are separately recorded in financial accounts. Domestic and foreign currency breakdown of the instruments is also available.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

i) Assets
All data on debt securities held by the sector come from the security holdings statistics of the MNB. (All securities held by financial corporations must be in custody in Hungary ensuring full coverage.) Figures are cross-checked with direct sources. Short term and long term securities are presented separately. Financial derivatives are covered by direct reports.
ii) Liabilities
All data on debt securities issued by the sector (negligible amounts) come from the security holdings statistics of the MNB. Figures are cross-checked with direct sources. Short term and long term securities are presented separately. Financial derivatives are covered by direct reports.

8.2.5.3 Loans (F.4)

i) Assets
According to the hierarchy of sources, loans granted to resident MFIs and OFIs come from counterpart sources, loans to non-residents from BoP/IIP statistics (with negligible amounts). All other data related to loans granted are covered by direct sources (small amounts). These

figures appear at the counterpart (debtor) sectors (households, non-financial corporations) as well and are assumed to be long term loans. Accrued interests are included.

ii) Liabilities

According to the hierarchy of sources, loans granted by resident MFIs and OFIs come from counterpart sources, loans taken from non-residents from BoP/IIP statistics (with negligible amounts). All other data related to loans are covered by direct sources (negligible amounts). Accrued interests are included.

8.2.5.4 Shares and other equity (F.5)

i) Assets

Quoted shares (F.511) and mutual fund shares (F.52) are fully covered by the security holdings statistics at market price. Holdings of non-quoted shares and other equity (small amounts) are covered from direct and indirect sources using balance sheet information, BoP statistics and security holding statistics. Non-quoted shares and other equity are valued at book value recorded by the holder units.

ii) Liabilities

Quoted shares (F.511) do not exist, mutual fund shares (F.52) issued are not applicable for this sector. Non-quoted shares and other equity issued are covered from direct and indirect sources using balance sheet information, BoP statistics and security holding statistics. Non-quoted shares and other equity are valued at own capital value of the corporations.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets

On the asset side of the financial accounts, the claims vis-à-vis insurance corporations from reinsurance are presented under (A)F.6.

ii) Liabilities

Net equity of households in life insurance reserves (F.611) contains liabilities of (life) insurance corporations vis-à-vis households (policy holders) taken from the quarterly statistical balance sheet of the insurance corporations. Transactions are calculated on residual basis.

Net equity of households in pension fund reserves (F.612) contains liabilities of pension funds vis-à-vis households taken from the pension funds' quarterly supervisory balance sheets. Transactions are calculated on residual basis.

Prepayments of insurance premiums and reserves for outstanding claims (AF.62) contain liabilities of insurance corporations vis-à-vis resident sectors and non-residents taken from insurance corporations' quarterly statistical balance sheet (broken down by counterpart sectors). Transactions are calculated on residual basis.

8.2.5.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities

Amounts are estimated using direct and indirect (counterpart) sources. The non-financial corporations sector is the residual counterpart for remaining amounts after subtracting all the known counterparts from the totals. Trade credits (F.71) and others (F.79) are presented separately. Accrued interests are included in the interest bearing instruments.

8.3 General Government (S.13)

General government sector (S.13) can be divided in 3 sub-sectors because the category state government (S.1312) does not exist. Sub-sector S.1311 covers institutions of the central budget and budgeted funds as parts of the legally defined central government (budgetary institutions). Beside these units, corporations (Hungarian State Holding Company, State Debt Management Agency, National Infrastructure Developing Ltd., State Motorways Management Ltd., MÁV-START Railway Passenger Transport Ltd., cooperative equity management companies and public media companies (radio, television)) and non-profit institutions are included in the central government sub-sector in statistical sense.

Sub-sector S.1313 includes the local government authorities and their institutions (budgetary institutions). Sub-sector S.1314 covers the social security funds (Pension Fund and Health Fund) and their institutions (budgetary institutions).

Data on general government sector are not compiled as a separate statistics but as part of a unified and complete system of financial accounts for all sectors of the economy. As a consequence of this, beside direct reports, financial accounts of the government sector are partially based on counterpart sources according to the hierarchy of sources established by the financial accounts compilers.

8.3.2 Currency and deposits (F.2)

i) Assets

Currency holdings of the sub-sectors are covered using the quarterly balance sheet of the budgetary institutions and corporations concerned. Deposits with resident MFIs are taken from counterpart sources (broken down by sub-sectors). Deposits held abroad (special cases) are covered by the BoP/IIP statistics using direct reports. Accrued interests are included (when applicable). Deposits with the State Treasury are covered by the reports of the Treasury. Repos are recorded under loans. Currency (F.21), transferable deposits (F.22) and other (short term, long term) deposits (F.29) are separately recorded in financial accounts. Domestic and foreign currency breakdown of the instruments is also available.

ii) Liabilities

The Hungarian State Treasury maintains the deposit accounts of the budgetary units (except local government units) and some corporations and nonprofit institutions which are included in the government sector in statistical sense. The financial accounts contain these figures (on the liability side of the central government and on the asset side of the relevant sectors) using the reports of the Treasury. The Treasury accounts are classified and presented as transferable deposits (F.22) in financial accounts.

8.3.3 Securities other than shares (F.3)

Assets/ Liabilities

Debt securities issued by government units (broken down by sub-sectors) are presented in financial accounts using the security holdings statistics of the MNB. All securities are valued at gross market prices including accrued interests. Figures are cross-checked with direct sources. Short term and long term securities are presented separately. For financial derivatives, direct government sources are at hand. Market valuation is applied in this case as well. For government debt purposes, debt instruments are additionally recorded at nominal value broken down by holder sectors.

8.3.4 Loans (F.4)

i) Assets
According to the hierarchy of sources, loans granted by government sub-sectors to resident MFIs and OFIs come from counterpart sources, loans to non-residents from BoP/IIP statistics (based on direct government sources). All other data related to loans granted are covered by direct sources (reports of the Treasury, quarterly balance sheet of government units or corporations included). These figures appear at the counterpart (debtor) sectors (households, non-financial corporations, government sub-sectors) as well. Accrued interests are included when applicable.
ii) Liabilities
According to the hierarchy of sources, loans granted by resident MFIs and OFIs to government sub-sectors come from counterpart sources, loans granted by non-residents from BoP/IIP statistics (based on direct government sources). Figures are cross-checked with direct sources. All other data related to loans are covered by direct sources (reports of the Treasury, quarterly balance sheet of government units or corporations included). These figures appear at the counterpart (creditor) sectors (non-financial corporations, government sub-sectors) as well. Accrued interests are included when applicable.
The State, the corporations included and the local authorities can directly borrow from the market. Central government budgetary units and social security funds may only borrow from the Treasury.
For government debt purposes, debt instruments are additionally recorded at nominal value broken down by holder sectors.

8.3.5 Shares and other equity (F.5)

i) Assets
Quoted shares (F.511) and mutual fund shares (F.52) are fully covered by the security holdings statistics at market price, broken down by sub-sectors. Holdings of non-quoted shares and other equity are covered from direct and indirect sources using balance sheet information, BoP/IIP statistics and security holding statistics. Non-quoted shares and other equity are valued at adjusted own capital value of the issuer corporations (in line with the liability side). Transactions are directly measured from government reports.
ii) Liabilities
Not applicable. Public corporations reclassified into the government sector are recorded net of shares or other equity.

8.3.6 Insurance technical reserves (F.6)

i) Assets
Claims against insurance corporations (F.62) come from counterpart sources (small amounts).
ii) Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Both assets and liabilities are compiled with breakdowns for (A)F.71 and (A)F.79.

Assets/ Liabilities
Trade credits and advances come from the quarterly balance sheet of government units. Counterparts are partially available, partially estimated. There are significant amounts of (A)F.79 for taxes, social contributions, wages and salaries and EU-flows. These items are estimated using government sources (time adjusted cash-flows) and included in the assets/ liabilities of the counterpart sectors as well. Accrued interests are recorded under the interest bearing instruments.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Households (S.14) and NPISH (S.15) are presented separately in the financial accounts. Sector S.14 includes resident individuals and sole proprietors. Sector S.15 covers all non-profit institutions engaged in the production of non-market goods and services and whose activities are financed or controlled by the households. NPIs include social, cultural, sport organisations, political parties, churches, trade unions, and the majority of foundations and associations.

8.4.1 Currency and deposits (F.2)

i) Assets
For households, domestic currency (cash) holdings are estimated on residual basis. Foreign currency holdings are estimated using special surveys. Currency holdings of NPISH can not be identified, they are assumed to be negligible. Transferable deposits (F.22) and other deposits (F.29) vis-à-vis resident MFIs are covered from counterpart sources for both sectors including accrued interests. Deposits vis-à-vis non-resident MFIs are not covered at all. For NPISH, the amounts concerned are negligible, for households, the amounts could be significant.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

i) Assets
Data on debt securities held by S.14 or S.15 come directly from the security holdings statistics. Financial derivatives (stocks and flows) in relation to MFIs are covered for households (small amounts). Financial derivatives with other partners are treated as insignificant. All securities are valued at gross market value including accrued interest. Short term (F.331), long term (F.332) debt securities and financial derivatives (F.34) are the sub-categories of the instrument in financial accounts.
ii) Liabilities
In practice not applicable for debt securities. Financial derivatives (stocks and flows) in relation to MFIs are covered for households (small amounts). Financial derivatives with other partners are treated as insignificant.

8.4.3 Loans (F.4)

i) Assets
Loans granted by households or NPISH to financial corporations come from counterpart information. BoP/IIP statistics record small amounts of loans granted by the sectors concerned to non-residents. For households, loans given to non-financial corporations are estimated from

the annual reports and tax declarations of the corporations. These amounts are recorded in financial accounts as long term loans denominated in domestic currency. For NPISH, no other loans granted can be identified.

ii) Liabilities

Loans granted by financial corporations (S.121-S.125) and general government sub-sectors (S.1311-S.1314) are covered by the figures of these counterparts. The loans taken from abroad are partially covered by the BoP/IIP statistics. For households, loans granted by non-financial corporations are estimated from annual reports, tax declarations and additional reports on housing loans to employees.

8.4.4 Shares and other equity (F.5)

i) Assets

Quoted shares (F.511) and mutual fund shares (F.52) are covered by the security holdings statistics for both holder sectors at market value. Non-quoted shares (F.512) and other equity (F.513) come from counterpart sources (BoP/IIP, corporations). Stocks are valued and transactions are estimated on corporation by corporation basis. In case of non-quoted shares and other equity, annual amounts are used for quarterly estimates.

ii) Liabilities

Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets

For households, counterpart information (liabilities of S.125) is used. For NPISH, amounts are considered to be insignificant.

ii) Liabilities

Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities

For households, counterpart information is used. Significant amounts appear in financial accounts from trade credits, taxes, social security contributions, EU-flows and wages. For NPISH, direct information (from annual balance sheet) and counterpart items are combined in financial accounts. Trade credits (F.71) and others (F.79) are recorded separately. Accrued interests are not included here.

8.5 Rest of the world (S2)

The ROW sector encompasses the non-Hungarian residents. Hungarian residents are those institutions that have a centre of economic interest within the Hungarian economy. The main data source is the BoP/IIP statistics of the MNB. Financial accounts are broadly consistent with the BoP/IIP statistics. Only the valuation of shares and other equity and the recording of EU-transactions (time of recording) cause differences between the two statistics.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets

Source of data is the BoP/IIP.

ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

i) Assets
Domestic currency held by non-residents can not be estimated. Deposits come from BoP/IIP (liability side of the MFIs). Accrued interests are included.
ii) Liabilities
For foreign currency and deposits, see the asset side of the resident sectors. Source of data is the BoP/IIP. Accrued interests are included.

8.6.3 Securities other than shares (F.3)

Assets/ Liabilities
Source of data is the BoP/IIP. Data are consistent with the resident counterparts.

8.6.4 Loans (F.4)

Assets/ Liabilities
Source of data is the BoP/IIP. Data are consistent with the resident counterparts.

8.6.5 Shares and other equity (F.5)

Assets/ Liabilities
Source of data is the BoP/IIP. Additional valuation is made for stocks in financial accounts. Data are consistent with the resident counterparts.

8.6.6 Insurance technical reserves (F.6)

Assets/ Liabilities
Source of data is the sector S.125. For other sectors, no information is available.

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Source of information is mainly the BoP/IIP. Additional amounts regarding EU-flows are recorded in financial accounts. Figures are consistent with the resident partners. Trade credits (F.71) and others (F.79) are separately presented in Hungarian financial accounts.

Chapter 12. Annual financial accounts sources and methods: Malta

1. Institutional arrangements

According to the co-operation agreement signed between the Central Bank of Malta (CBM) and the National Statistics Office (NSO) in August 2007, which updated the agreement of July 2003, both institutions agreed to compile jointly annual and quarterly financial accounts based on ESA 95 methodology. The CBM will be responsible for collecting data from reporting agents in the financial corporations sector, with the necessary cooperation of the Malta Financial Services Authority and the Malta Stock Exchange. NSO will be responsible for the compilation of the financial accounts of the general government. Financial accounts covering the other economic sectors, mainly the 'Rest of the World' and the non-financial corporations sectors, will be compiled jointly, with a pooling of the available source data. Households and NPISH will be compiled by the CBM using counterparty information. Recently, the CBM assumed overall responsibility for the non-financial corporations sector with the cooperation of the NSO, as well as for the compilation of the aggregate compilation of the quarterly and annual financial accounts of the whole economy.

The Financial Accounts Section within the CBM's Statistics Office currently employs 2 full-time officers for the collection, processing and dissemination of the annual and quarterly financial accounts of the Maltese economy. The compilation of the quarterly financial accounts of general government (QFAGG) and of the annual financial accounts of general government (FAGG) is done by 2 Statisticians working in the Public Finance Unit at the NSO. Support is provided by other members of the Unit.

2. Publication

The Central Bank of Malta transmits data to the ECB, as per Tables 1 to 5 of the ECB Guideline on the compilation of the quarterly financial accounts, thus contributing to the euro area accounts. Quarterly financial accounts produced up till now cover the period from Q1 2004 to date.

So far FAGG data for the years 2003 till 2008 has been compiled. All the transmission tables, both compulsory and voluntary, are filled in appropriately, and are transmitted to Eurostat as required. The NSO concurrently transmits the FAGG data to the CBM in terms of the 'co-operation agreement' referred to above.

3. Production cycle

The statisticians at the Central Bank of Malta use the sources specified in section 8 below to compile Malta's financial accounts based on ESA95 methodology. When the sources referred to do not offer all the details that feature in the accounts, estimates are carried out.

In the NSO, the compilers of the FAGG and of the non-financial accounts of general government (NFAGG) work in the same unit. Both sets of compilers use the same sources of data. In this way, difficulties relating to methodological issues, sources, times of recording as well as other issues are discussed and dealt with in a consistent manner. This coordination also assists in improving the consistency of the data, while concurrently reducing the

discrepancy between the FAGG and the NFAGG. The compilers of FAGG and of QFAGG both work very closely together in order to ensure full consistency between both sets of accounts. As long as data is available, quarterly data are compiled in the first instance, and subsequently annual accounts are produced.

4. Balancing the accounts

CBM has compiled the financial accounts comprising stocks and flows of all the sectors of the Maltese economy, its counterparties and their net financial assets/liabilities, starting from 2004. The balances will be reconciled with the capital accounts for all the sectors of the economy when these are compiled by the NSO.

As far as the FAGG is concerned, Malta has achieved good consistency between change in stocks and flows. The work carried out also ensures that the sum of the transactions, revaluations and other changes in volume equal the flow. Malta has never experienced major problems in this respect. The experience gained in the compilation of the FAGG is helping to reduce the statistical discrepancy between the FAGG and the NFAGG. In fact, the statistical discrepancy has been showing a consistent and marked improvement across the time series due to availability of better (and more timely) data.

5. Consolidation issues

The Central Bank of Malta currently produces non-consolidated quarterly financial accounts taking into account flows and stocks between units classified within the same sector or sub-sectors.

The stocks and flows between the government sub-sectors are always checked for consistency. In this way, any amounts of securities, shares and amounts receivable or payable owed and owned between the budgetary central government and the extra-budgetary units (EBUs), and between the budgetary central government and the Local Councils (LCs) have to be equal. The first step is to consolidate stocks and flows between the budgetary central government and EBUs (both of which form part of the same sub-sector – Central Government). The consolidated data involves removing transactions between the central government and the LCs.

6. Plausibility checks

The data are continuously being checked throughout the compilation process. One of the first checks is on the trend of the data. If any major variations to past trends are observed, these are checked and followed up. In this way, any major changes are fully recorded and explained.

Another procedure used is the assessment of the different sources on a sector-by-sector basis through the generation of a checking report installed in the Central Bank's 'Financial Accounts' database. Any differences/discrepancies resulting from the checking report must be investigated at source. If necessary, adjustments may need to be made to the data to ensure comparability of information from different sources.

7. Ongoing or planned changes to FA production

No changes are planned in the immediate future, but the collection of data on the non-financial corporations sector is under investigation.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

S.11 Non-Financial Corporations
- Public Non-Financial Corporations
- Private Non-Financial Corporations

Data on the NFCs are provided on an annual basis from government's Inland Revenue Department. This information includes an aggregated balance sheet and a profit & loss account.

8.1.1 Currency and deposits (F.2)

i) Assets
Annual basis from government's Inland Revenue Department.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Assets/ Liabilities
Annual basis from government's Inland Revenue Department.
Information on the NFCs' debt securities listed on the Malta Stock Exchange (MSE) is derived from a report which classifies these securities by type of holder received from the MSE on a monthly basis and from counterparty information.

Financial derivatives (F.34) - is partially covered for S.11. In the Maltese FA coverage separately identifies the following sub-categories: Options, Swaps and FRAs. It is reported gross, stocks only. Statistical treatment is not driven by data source limitations. Positions with a positive market value are recorded as assets and those with a negative market value as liabilities.

8.1.3 Loans (F.4)

Assets/ Liabilities
The aggregated S.11 balance sheet provided by the tax authorities gives information on loans granted by NFCs to S.14 (especially to Directors and shareholders) and S.15.
Source for domestic S.11 to S.11 loans is the aggregated S.11 balance sheet provided annually by the tax authority. The CBM projects recent quarters from the latest available end-year figure. Loans are covered between non-affiliated NFCs (i.e. where there is no ownership link between debtor and creditor). However, there is no information on the capital link between NFC debtor and creditor in the case of domestic loans.

Source for inter-company loans extended by NFCs to other resident NFCs: Balance sheet data and estimations. Source for inter-company cross-border loans extended by or to NFCs: BOP data.
Coverage of loans granted by NFCs to other sectors: there is no information on instalment loans by retailers to customers.

8.1.4 Shares and other equity (F.5)

Assets/ Liabilities
Information on the NFCs' shares quoted on the Malta Stock Exchange is derived from the monthly report by type of holder, whereas data for unquoted shares is provided from another report compiled by the MFSA's Registrar of Companies on a bi-annual basis and counterparty information.

8.1.5 Insurance technical reserves (F.6)

i) Assets
Annual basis from government's Inland Revenue Department.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. Only Information on stocks for (A)F.71 and (A)F.79 are available.
(A)F.7 includes items not elsewhere classified in the financial accounts, including trade credits when available, deferred taxation, rents, and wages and salaries (still to be compiled). Accrued interest is excluded as it is allocated to the underlying instrument.
Data are obtained from sector source (for S.11, the aggregated balance sheet provided by the tax authorities). The data for (A)F.71 are estimated when where they are not available from trade flow. It is not possible to distinguish (A)F.71 agreed between S.11 and S.14 from (A)F.71 within S.14. The distinction between foreign trade credit and inward/outward FDI loans ((A)F.42) is made in BOP/IIP statistics. The import and export trade credit associated with advance and progress payments are obtained from balance of payment source.
The question of a *B9/B9f* adjustment does not arise while MT compiles only financial accounts.

8.2 Financial corporations (S.12)

Financial corporations comprise all resident corporations that are principally engaged in financial intermediation and/or in auxiliary financial activities. In Malta the MFIs comprise three main groups: a) Central Bank of Malta b) resident credit institutions and c) Money Market Funds. The primary source data on the credit institutions are the statutory returns submitted on a monthly and quarterly basis to the Central Bank of Malta and the Malta Financial Services Authority.

8.2.1 The Central Bank (S.121)
This sub-sector comprises the national central bank. The Finance Office within the Central Bank submits the balance sheet on a monthly & quarterly basis. The information is extracted

on a quarterly basis from the Bank's database which is maintained by the CBM's Statistics Office.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Finance Office within the Central Bank submits the balance sheet on a monthly & quarterly basis.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

Assets/ Liabilities
Finance Office within the Central Bank submits the balance sheet on a monthly & quarterly basis. Euro denominated banknotes and coins held by resident sectors are placed in circulation by the CBM since 2008, and by other euro area NCBs.

8.2.1.3 Securities other than shares (F.3)

Assets/ Liabilities
Finance Office within the Central Bank submits the balance sheet on a monthly & quarterly basis. Financial derivatives (F.34) – covered for this sub-sector. See also section 8.1.2.

8.2.1.4 Loans (F.4)

Assets/ Liabilities
Finance Office within the Central Bank submits the balance sheet on a monthly & quarterly basis.

8.2.1.5 Shares and other equity (F.5)

Assets/ Liabilities
Finance Office within the Central Bank submits the balance sheet on a monthly & quarterly basis.

8.2.1.6 Insurance technical reserves (F.6)

i) Assets
Finance Office within the Central Bank submits the balance sheet on a monthly & quarterly basis.
ii) Liabilities
Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Finance Office within the Central Bank submits the balance sheet on a monthly & quarterly basis. See also section 8.1.6.

8.2.2 Other monetary financial institutions (S.122)

The sub-sector consists of:
- Deposit Money Banks
- International Banking Institutions
- Money Market Funds.

Information on the balance sheets of Credit Institutions (S.122) is extracted on a quarterly basis from the Bank's database which is maintained by the CBM's Statistics Office.

8.2.2.1 Monetary gold and SDRs (F.1)

Assets/ Liabilities
Not applicable.

8.2.2.2 Currency and deposits (F.2)

Assets/ Liabilities
Information on the balance sheets is extracted on a quarterly basis from the Bank's database which is maintained by the CBM's Statistics Office.
Liabilities are not applicable with regards currency.

8.2.2.3 Securities other than shares (F.3)

Assets/ Liabilities
Information on the balance sheets is extracted on a quarterly basis from the Bank's database which is maintained by the CBM's Statistics Office.
Financial derivatives (F.34) - covered for this sub-sector. See also section 8.1.2.

8.2.2.4 Loans (F.4)

Assets/ Liabilities
Information on the balance sheets is extracted on a quarterly basis from the Bank's database which is maintained by the CBM's Statistics Office.

8.2.2.5 Shares and other equity (F.5)

Assets/ Liabilities
Information on the balance sheets is extracted on a quarterly basis from the Bank's database which is maintained by the CBM's Statistics Office.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Information on the balance sheets is extracted on a quarterly basis from the Bank's database which is maintained by the CBM's Statistics Office.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Information on the balance sheets is extracted on a quarterly basis from the Bank's database which is maintained by the CBM's Statistics Office.
There is no other MFI balance sheet item (than remaining assets/remaining liabilities) used to estimate (A)F.7. (A)F.7 is affected by the excess of inter-MFI liabilities.
See also section 8.1.6.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

The sub-sector consists of:
- Investment Funds
- Financial Corporations engaged in lending
- Financial Leasing.

The main sub-sector in the OFIs sector is the Investment Funds consisting of Collective Investment Schemes and Professional Investor Funds which are licensed by the MFSA. The reporting institutions submit to the CBM the NAV on a monthly basis and a set of returns on a quarterly basis. This information is received fifteen days after the reference quarter.

8.2.3.1 Currency and deposits (F.2)

i) Assets
See 8.2.3 above.
ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

Assets/ Liabilities
See 8.2.3 above.
Financial derivatives (F.34) - is covered for this sub-sector. See also section 8.1.2.

8.2.3.3 Loans (F.4)

Assets/ Liabilities
See 8.2.3 above.

8.2.3.4 Shares and other equity (F.5)

Assets/ Liabilities
See 8.2.3 above.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
See 8.2.3 above.
ii) Liabilities

Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
See 8.2.3 above.
See also section 8.1.6.

8.2.4 Financial auxiliaries (S.124)

The sub-sector consists of:
- Exchange Bureaux - on a monthly basis
- Investment Services Providers – on a quarterly basis
- Insurance Brokers/Agents – bi-annual basis
- Money Broker – on a monthly basis
- Loan Broker – on a monthly basis
- Other

This sub-sector consists of all financial corporations which are principally engaged in activities closely related to financial intermediation but which are not financial intermediation themselves. Data comprising a balance sheet and profit and loss account is regularly provided by the reporting institutions to the CBM.

Data on exchange bureaux are extracted on a quarterly basis from a shared network between two different offices at the CBM. Information on investment services providers (ISPs) in the form of a balance sheet is received from category 1A, 1B and 2 ISP licence holders, through the MFSA, within one month from the reference period.

8.2.4.1 Currency and deposits (F.2)

i) Assets
See 8.2.4 above.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)
Assets/ Liabilities
See 8.2.4 above.
Financial derivatives (F.34) - covered for this sub-sector. See also section 8.1.2.

8.2.4.3 Loans (F.4)

Assets/ Liabilities
See 8.2.4 above.

8.2.4.4 Shares and other equity (F.5)

Assets/ Liabilities
See 8.2.4 above.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
See 8.2.4 above.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
See 8.2.4 above.
See also section 8.1.6.

8.2.5 Insurance corporations and pension funds (S.125)

This sub-sector consists of life and non-life insurance corporations. The CBM collects quarterly financial statements of the insurance corporations' sector through the Malta Financial Services Authority (MFSA) six weeks after the end of the reference quarter. For the time being there are no private pension funds in Malta.

8.2.5.1 Currency and deposits (F.2)

i) Assets
See 8.2.5 above.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

Assets/ Liabilities
See 8.2.5 above.
Financial derivatives (F.34) - covered for this sub-sector. See also section 8.1.2.

8.2.5.3 Loans (F.4)

Assets/ Liabilities
See 8.2.5 above.

8.2.5.4 Shares and other equity (F.5)

Assets/ Liabilities
See 8.2.5 above.

8.2.5.5 Insurance technical reserves (F.6)

i) Assets
Not applicable.
ii) Liabilities
Net equity of households in pension fund reserves (F.612): There are no Pension Funds in Malta.

Net equity of households in life insurance reserves (F.611): Liabilities of (life) insurance corporations vis-à-vis non-resident households (policy holders) can be estimated from (life) insurance balance sheet (and/or profit and loss accounts).
Quarterly estimates are derived from the insurance principals' balance sheets, with counterparty information including S.2.
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): Liabilities of insurance corporations vis-à-vis non-residents can be estimated from insurance corporations balance sheet (and/or profit and loss accounts).
Cross border reinsurance claims are not recorded, but these transactions/stocks are not significant.

8.2.5.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
See 8.2.5 above.
See also section 8.1.6.

8.3 General Government (S.13)

The sector consists of:
S.1311 Central Government

- Government Departments
- Extra Budgetary Units

S.1313 Local Government

- Local Councils

The Budgetary Central Government is made up of the Government Departments and Ministries, whose accounts are recorded within the Departmental Accounting System. The CBM's Statistics Office has direct on-line (read-only) access to this system wherein all transactions have been coded to provide aggregates in ESA 95 codes.

Since 2004, Extra Budgetary Units have been required to fill in a (quarterly) questionnaire which includes financial as well as non-financial data. As regards to annual data we receive their annual financial reports. Where practical, the EBUs are also required to submit their quarterly management accounts (which include balance sheet data).

Local government is made up of 68 local councils. In the near future, a revised reporting template to be returned by all the local councils will be introduced. This will contain quarterly financial and non-financial data. Until such time as these reporting templates come on stream, NSO is basing quarterly compilations of this data on estimations (Local Government is a comparatively small sub-sector for Malta).

All quarterly data are subsequently revised when the audited annual financial reports are made available.

8.3.2 Currency and deposits (F.2)

i) Assets
Budgetary Central Government: Main sources of data on the currency and deposits are the Central Bank of Malta and the Treasury Department. Regular meetings with providers of both sources are held in order to ensure that the best data source for specific instruments is always used.
EBUs: Annual Financial Reports
LCs: Annual Financial Reports

ii) Liabilities
Budgetary Central Government: Main source of data on the currency and deposits is the Central Bank of Malta.
EBUs: not applicable
LCs: not applicable

8.3.3 Securities other than shares (F.3)

All data on securities are recorded at market value.

i) Assets
Budgetary Central Government: Main sources of data on the securities are the Central Bank of Malta and the Treasury Department. Regular meetings with providers of both sources are held in order to ensure that the best data source for specific instruments is always used.
Stock market information is used for long-term securities of central government (security by security).
EBUs: sources of data are the annual financial reports.
LCs: source of data are the annual financial reports.
Financial derivatives (F.34) – not applicable for the Budgetary Central Government and the Local Councils sub-sector. There is just one EBU that has a financial derivative. The source is its annual financial reports.

ii) Liabilities
Budgetary Central Government: Main sources of data on the securities are the Central Bank of Malta and the Treasury Department. Stock market information is used for long-term securities of central government (security by security).
EBUs: Not applicable.
LCs: Not applicable.

8.3.4 Loans (F.4)

Assets/ Liabilities
Budgetary Central Government: Main source of data on the loans is the Treasury Department.
EBUs: source is the annual financial reports.
LCs: source is the annual financial reports.

8.3.5 Shares and other equity (F.5)

Assets/ Liabilities
Budgetary Central Government: Main source of data on the shares is the Treasury Department.
EBUs: source is the annual financial reports.
LCs: not applicable
Mutual Fund Shares (F.52): not applicable to the 3 sub-sectors.
Data for the unquoted shares are recorded in market prices.

8.3.6 Insurance technical reserves (F.6)

Assets/ Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

i) Assets
Budgetary Central Government: F.7 includes items not elsewhere classified in the financial accounts, including trade credits when available, court and other deposits, amounts receivable, accrued income, prepayments and taxes. Data on court and other deposits, debtors, accrued income, and prepayments are obtained from the DAS. Only Information on stocks for F.71 and F.79 are available.
EBUs and LCs: Data on amounts receivable are directly inputted from the annual financial reports. Data includes taxes, prepayments, and accrued income. Transactions with the Budgetary Central Government are identical and are removed during the process of consolidation.

ii) Liabilities
Budgetary Central Government: F.7 includes items not elsewhere classified in the financial accounts, including trade credits when available, court and other deposits, accounts payable, accruals and deferred income. Data on creditors, accruals, and deferred income are obtained from the DAS. Only Information on stocks for F.71 and F.79 are available. Accrued interest is excluded as it is allocated to the underlying instrument.
EBUs and LCs: Data on amounts payable are directly inputted from the annual financial reports. Data includes taxes and deferred income.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

The Households & NPISH sector is compiled using counterpart information.

8.4.1 Currency and deposits (F.2)

i) Assets
Counterpart information.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

i) Assets
Information on the holdings of debt securities, such as government stocks, corporate bonds, is derived from the monthly report compiled by the Malta Stock Exchange.
ii) Liabilities
Not applicable.
8.4.3 Loans (F.4)

Assets/ Liabilities
Counterpart information.

8.4.4 Shares and other equity (F.5)

i) Assets
Information on the holdings of quoted shares is derived from the monthly report compiled by the Malta Stock Exchange.
ii) Liabilities
Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets
Net equity of households in life insurance reserves (AF.611): Data is provided quarterly from the Insurance Companies balance sheet.
Net equity of households in pension fund reserves (AF.612): No data at present.
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): Data are provided quarterly from the insurance corporations' balance sheet.

ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
See secton 8.1.6.

8.5 Rest of the world (S2)

Data on the rest of the world sector is derived from the BOP/IIP statistics.

8.6.1 Monetary gold and SDRs (F.1)

Not applicable.

8.6.2 Currency and deposits (F.2)

Assets/ Liabilities
BOP/IIP statistics.

8.6.3 Securities other than shares (F.3)

Assets/ Liabilities
BOP/IIP statistics.
Financial derivatives (F.34) - covered for this sector. See also section 8.1.2.

8.6.4 Loans (F.4)

Assets/ Liabilities
The source is BOP statistics (specifically "direct investment - other capital"), including coverage of inter-company cross-border loans granted by or to NFCs.

8.6.5 Shares and other equity (F.5)

Assets/ Liabilities
BOP/IIP statistics.

8.6.6 Insurance technical reserves (F.6)

BOP/IIP statistics are not used for estimating any of the three items (A) F.611, (A) F.612 and (A) F.62.

i) Assets
F.611 Liabilities of (life) insurance corporations vis-à-vis non-resident households (policy holders) can be estimated from (life) insurance balance sheet (and/or profit and loss accounts). Quarterly estimates are derived from the insurance principals' balance sheets, with counterparty information including S.2.
F.612 Liabilities of pension funds vis-à-vis non-resident households (current and former employees of resident employers): These transactions/stocks are not significant as there are no pension funds in Malta.
F.62 Liabilities of insurance corporations vis-à-vis non-residents can be estimated from insurance corporations balance sheet (and/or profit and loss accounts).

Ii) Liabilities
Net equity of households in life insurance reserves (AF.611): No data at present.
Net equity of households in pension fund reserves (AF.612): No data at present.
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): No data.

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
See section 8.1.6.

Chapter 13. Annual financial accounts sources and methods: The Netherlands

1. Institutional arrangements

Statistics Netherlands is responsible for the methodology and compilation of financial accounts on an annual basis. The National Accounts Department (which is part of the Division of Macro-economic Statistics and Dissemination) compiles the financial accounts. The compilation, publication and dissemination of the full set of financial accounts and balance sheets involve about 9 persons.

Data used for financial accounts are received from various institutions. The central bank provides information on Monetary Financial Institutions, Mutual Funds, and other financial corporations, and Balance of payments data and the International investment position is obtained from the Central Bank. Information on the State Government is mostly derived from the Ministry of Finance.

Two divisions of Statistics Netherlands are involved in the collection and processing of financial accounts information:

- Division on Business Statistics, especially the Business Surveys Department, collects profit and loss and balance sheet data on non-financial corporations. Collection, processing and dissemination of these data involve about 7 persons.
- Department of Financial Institutions and Government of the Division of Macro-economic Statistics and Dissemination, is involved in gathering and processing of data on financial corporations and the various government institutions. Within this department, the Task group Municipal Government is involved in collection of financial data for the various municipalities. This involves about 2 persons. The Task group Other Government is, amongst others, responsible for the collection and processing of financial data of all other government institutions, including State Government and Provincial Government. The Task group of Financial Institutions is responsible for collection and processing of financial data on financial corporations including Central Bank, Other monetary financial institutions, Other financial intermediaries, Financial auxiliaries, Insurance corporations and pension funds, and Social Security Institutions. These activities involve about 3 persons.

2. Publication

The financial accounts data are published by Statistics Netherlands with a time lag of t+8 months as part of the annual publication on National Accounts of the Netherlands. These data are disseminated to Eurostat and the OECD.

The published data includes (all tables beginning in 2001 and up to 2007):

- Transactions of total economy - resources, uses, change in liabilities, change in financial assets, balancing items;
- Transactions of the sector non-financial corporations;
- Transactions of the sector financial corporations: monetary financial institutions, insurance corporations and pension funds, other financial institutions;
- Transactions of the sector general government (consolidated and non-consolidated): central government, local government, social security funds;

- Transactions of the sector households;
- Transactions of the sector non-profit institutions serving households;
- Transactions of the rest of the world with the Netherlands;
- Transaction-matrices: Property income by counterpart sector, Interest by counterpart sector, Dividends by counterpart sector, Other current transfers n.e.c. by counterpart sector, Capital transfers by counterpart sector;
- Financial balance sheets: Tables for S.11, S.12, S.12A, S.12B, S125, S.13 (cons. and non-cons.), S.1311, S.1313, S.1314, S.1A and S.2.

3. Production cycle

The financial accounts are produced as an integral part of the yearly compilation cycle of the Dutch National Accounts. Every cycle involves compilation of three consecutive years; year t-1 (very preliminary), year t-2 (preliminary) and year t-3 (final estimations). Revisions have taken place in 1992 (for the years 1987 onwards), in 1999 (for the years 1995 onwards) and in 2004 (for the years 2001 onwards). The next revision is planned in 2014 (for the years 2011 onwards).

4. Balancing the accounts

All data are stored in an electronic Sector Account System (iSR). The effect of this storage is that in the system for each financial account two lists (assets and liabilities) arise with sector, opening balance value (automatically equal to the closing balance value of the previous year), financial transaction, other changes and closing balance value.

For each financial account the total of assets equals the total of liabilities; this applies for the financial transactions and the closing balance values. This applies for the other changes too, because this item is a derivative of the financial transaction and the closing balance value. If there is a discrepancy between the total of assets and the total of liabilities the most weak values have to be adjusted.

After these adjustments there will be a discrepancy for each (sub-)sector. Because the sum of all these discrepancies is zero, it is easy to eliminate them by means of an adjustment to the weakest account (for example: other accounts receivable and payable).

5. Consolidation issues

The data sources are related with the sectors S.121 - S.125, S.1311A - S.1311D, S.1313A - S.1313F and S.14 - S.15. Consolidation is made based on transaction-matrices.

6. Plausibility checks

Sector experts of the sectors S.12 and S.2 have developed tools for consistency checks. These checks will be applied starting in year 2006 (final estimations). The other items will be checked based on a list of economic key figures.

7. Ongoing or planned changes to FA production

No plans exist to national accounts in the foreseeable future.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Sector S.11 covers:

- all corporations, quasi-corporations (100 employees or more and separate accounts available) and co-operatives which do not belong to the financial corporations (some of these quasi-corporations were formerly classified as household enterprises)
- all non-financial NPISH which do not pertain to the other sectors such as old people's homes, hospitals and housing corporations
- public enterprises like Dutch Railways and Amsterdam Airport.

Data sources:
A. Statistics of finances of large NFCs (SFGO) - This survey is based on a questionnaire sent to all non-financial corporations with a minimum balance sheet total of € 23 million. The questionnaire contains the profit and loss account, as well as the complete balance sheet and an extensive breakdown of the mutations in some balance items. In this way, the SFGO gives a consistent view of the current and financial transactions of the corporations involved. In other words it draws a coherent picture of the current and financial accounts. The population consists of about 1700 corporations. Together these corporations cover about 65% of the balance sheet total of S.11. The survey is available in February of the year T+2.

B. Statistics of finances of small NFCs (SFKO) - This survey is based on fiscal data from the corporate taxes information system (VIS), supplied by the Ministry of Finance. It contains corporation tax declarations and relates to legal entities. SFKO covers non-financial corporations with a balance sheet total of maximum € 23 million. In principle VIS information is used to compile the SFKO. However, corporations can postpone their tax declaration for a number of months or even years, so the reports have to be grossed up to cover the whole population. SFKO consists of around 200,000 corporations that together represent around 22% of the balance sheet total of S.11. SFKO, like SFGO, gives information on balance sheets as well as profit and loss account. SFKO however, is less detailed. SFGO and SFKO together make up the statistics of finances of non-financial enterprises (SFO).

C. Remaining group - Not all entities that make up S.11 are covered by either SFGO or SFKO. Corporations that are not obliged to pay corporate taxes, non-profit institutions like hospitals, housing corporations, foundations and employers organisations are not included. Several sources are used to compile their current and financial transactions, like the Supply and Use Tables, reports from Ministries and annual reports. This remaining group is only a small part of the total sector, since it covers about 14% of the balance sheet total of S.11.

D. Quarterly Statistics of finances of NFCs (kSFO) - Since the first quarter of 2005 Statistics Netherlands produces the kSFO, to compile the Quarterly Sector accounts and the first estimate of Annual Sector accounts. The sample needs to cover a sufficient area of SFGO for National Accounts to get a good view of developments within a quarter, which has led to the criterion that the largest corporations in the SFGO measured by balance sheet total should figure strongly in the quarterly survey. This is very similar to the annual SFGO, which also uses balance sheet total as criterion for inclusion. By means of single ranking of balance total, the largest 200 corporations were chosen top-down to be included. These represent 60% of the balance sheet total of all NFCs. The top 200 results in an overly strong representation of

industries with ISIC-codes C. As adding the remaining 100 entities by criterion of balance sheet total alone would only yield an extra 4% to the balance total of the top 200, these 100 are used instead to cover the underrepresented industries A, B, and M. The remaining 81 corporations have been assigned by section so as to cover the remaining sections by approximately 40%. Data sources are Financial statements, company balance sheets.

8.1.1 Currency and deposits (F.2)

i) Assets
See description at the start of section 8.1.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Assets/ Liabilities
See description at the start of section 8.1.

Financial derivatives (F.34) - Data are available in SFGO since reporting year 2006. Coverage includes Options, Warrants, Futures, Swaps and FRAs. Financial derivatives are not yet reported as a separate item. Although a majority of parties involved in transactions are able to report their transactions and positions in financial derivatives on a regular basis, there is still no calculation method which can offer a full description for the whole economy. However, it may be assumed that financial derivatives are covered as an implicit element of their underlying values. In the basic statistical data of most financial intermediaries and NFCs financial derivatives are recorded 'off-balance', which implies that financial assets and liabilities are to be valued taking into account the effect of any outstanding financial derivatives. In principle their recording follows ESA 95 methodology. However, in some cases it is unclear if definitions used in the source information fully correspond with ESA 95.

8.1.3 Loans (F.4)

Assets/ Liabilities
See description at the start of section 8.1.
Loans between resident NFCs: Quarterly financial statements of S.11 enterprises include S.11-to-S.11 loans (which can be derived by residual). Loans are covered between non-affiliated NFCs (i.e. where there is no ownership link between debtor and creditor). Source for inter-company loans granted by NFCs to other resident NFCs: balance sheet data. There is no information on the capital link between NFC debtor and creditor in the case of domestic loans. There is information on foreign private equity stakes in resident NFCs but it is not possible (yet) to link it to data on loan transactions.
Coverage of loans granted by NFCs to other sectors: Quarterly S.11 financial statements include loans granted to other sectors; counterparties can be identified only roughly from annual information. There is no information on instalment loans by retailers to customers.
Source for inter-company cross-border loans granted by or to NFCs: BOP data, and estimations based on Quarterly financial statements of NFCs together with BOP information.

8.1.4 Shares and other equity (F.5)

Assets/ Liabilities

See description at the start of section 8.1.

Unquoted shares (F.512): Legal form of issuing entities are Besloten Vennootschap (BV) Naamloze Vennootschap (NV). Distinction with quoted shares is based on quotation of share price. Distinction is made with other equity, based on negotiability. Data sources are annual with coverage close to 100%. Valuation is based on own funds at book value.
Other equity (F.513) - Quarterly data are available on government holdings. Own funds at book value is used as valuation method.

8.1.5 Insurance technical reserves (F.6)

i) Assets
See description at the start of section 8.1.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
See description at the start of section 8.1.
Trade credits (AF.71) is not reported as a separate item. Only for NFCs can a reasonable estimate be produced, which however cannot be further specified than the residency of the counterpart (domestic/abroad). Therefore it is not possible to compile comprehensive figures for the whole economy.
There are significant accounts of (A)F.79 for taxes, social contributions, wages and salaries, rents, dividends and accrued interest. (A)F.79 includes B9/B9f adjustments - they are not eliminated in a mechanical way.

8.2 Financial corporations (S.12)

The central bank provides information on Monetary Financial Institutions, Mutual Funds, and other financial corporations. Department of Financial Institutions and Government of the Division of Macro-economic Statistics and Dissemination of Statistics Netherlands, is involved in gathering and processing of data on financial corporations. The Task group of Financial Institutions is responsible for collection and processing of financial data on financial corporations including Central Bank, Other MFIs, OFIs, Financial auxiliaries, and ICPFs.

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank. See description at the start of section 8.2.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
According to a traditional national practice all assets and liabilities of the central bank against the IMF are grouped together and reported under AF.1, which therefore also includes the ‘net position’ of the central bank in the IMF. Source: MFI balance sheets, credit institutions reporting, and central bank.
ii) Liabilities

Not applicable.

8.2.1.2 Currency and deposits (F.2)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.

8.2.1.3 Securities other than shares (F.3)

Assets/ Liabilities
MFI balance sheets, credit institutions reporting, and central bank sources.
Financial derivatives (F.34) – see section 8.1.2.

8.2.1.4 Loans (F.4)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.

8.2.1.5 Shares and other equity (F.5)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.

8.2.1.6 Insurance technical reserves (F.6)

i) Assets
Source: MFI balance sheets, credit institutions reporting, and central bank.
ii) Liabilities
Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.
Estimates are made for both assets and liabilities. Information, with some estimation, both on stocks and transactions for (A)F.71 and (A)F.79 are available. Data for (A)F.7, (A)F.71 and (A)F.79 (accrued interest (loans, deposits) element) are obtained from domestic sector source; when these data are not covered by direct source, estimations are used. Data for (A)F.79 (other than accrued interest (loans, deposits) element) are calculated as (A)F.7 less (A)F.79. See also section 8.1.6.

8.2.2 Other monetary financial institutions (S.122)

Sub-sector S.122 covers credit institutions, which are part of the register as stated in Article 52 of the Act on Supervision on Credit Institutions 1992 ('Wet Toezicht Kredietwezen 1992), and other monetary financial institutions such as money market funds. Also included in this sector are operational leasing companies of credit institutions (formerly classified in sector S.11).

There is a problem of mixed assets/ liabilities being reported by the MFIs. Those units report

the balance sheet items ‘other financial assets and other financial liabilities’. Especially for the liabilities the impression exists that it includes more than regular accounts payable. The size and yearly changes do not ‘fit’ anymore in what might be expected from accounts receivable/payable for the counterpart sectors as well as for the whole of the economy. Therefore a part of the item is reclassified as loans or deposits. This will not happen using a formal procedure, but merely on an incidental basis under the condition that residuals on short-term loans and deposits allow for such a solution.

8.2.2.1 Monetary gold and SDRs (F.1)

Assets/ Liabilities
Not applicable.

8.2.2.2 Currency and deposits (F.2)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.

8.2.2.3 Securities other than shares (F.3)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.
Valuation is as follows: Trading portfolio - market; Investment portfolio - redemption value; Other holdings - redemption value.
Financial derivatives (F.34) – see section 8.1.2.

8.2.2.4 Loans (F.4)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.
MFI loans are reported gross of provisions.

8.2.2.5 Shares and other equity (F.5)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.
National practice in the valuation of equities in MFI balance sheets: Trading portfolio - market; Investment portfolio – market; Other holdings – market.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Source: MFI balance sheets, credit institutions reporting, and central bank.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Source: MFI balance sheets, credit institutions reporting, and central bank.

(A)F.71 and (A)F.79 have been compiled separately since 2007. Information, with some estimation, both on stocks and transactions for (A)F.71 and (A)F.79 are available. Data for (A)F.7 and (A)F.79 (accrued interest (loans, deposits) element) are obtained from domestic sector source; when these data are not covered by direct source, estimations are used. Data for (A)F.79 (other than accrued interest (loans, deposits) element) are calculated as (A)F.7 less (A)F.79.
MFI "remaining assets" and "remaining liabilities" are used to calculate (A)F.7. No breakdowns (components or counterparts) are available for MFI balance sheet items 'remaining assets' and 'remaining liabilities'. There is no other MFI balance sheet item used to estimate (A)F.7. Inter-MFI assets/liabilities are balanced in the compilation process and the initial difference between their assets and liabilities is reflected in (A)F.79 (liability side). See also section 8.1.6.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 is further subdivided into Mutual funds (S.1231), which include all institutions which are part of the register as meant in the Act on Supervision of Mutual Funds ('Wet Toezicht Beleggingsinstellingen') and the Other financial intermediaries (S.1232) which comprises of holdings of financial institutions, mortgage banks, building societies (no longer applicable to the Netherlands), municipal credit banks, credit card organisations (no longer applicable), regional development banks, Special Purpose Vehicles or entities (SPE) and the non-MFI subsidiaries of MFIs.

8.2.3.1 Currency and deposits (F.2)

i) Assets
Annual accounts, central bank statistics for MFI, central bank quarterly enquiries on SPVs.
ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

Assets/ Liabilities
Annual accounts, central bank statistics for MFI, central bank quarterly enquiries on SPVs.
Financial derivatives (F.34) - see section 8.1.2.

8.2.3.3 Loans (F.4)

Assets/ Liabilities
Annual accounts, central bank statistics for MFI, central bank quarterly enquiries on SPVs.

8.2.3.4 Shares and other equity (F.5)

i) Assets
Annual accounts, central bank statistics for MFI, central bank quarterly enquiries on SPVs.
ii) Liabilities
Public stock market information on stock values, IPOs, stock dividends, purchases and retractions of own stock (annual reports).

8.2.3.5 Insurance technical reserves (F.6)

Assets/ Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Data are from supervisory sources and annual reports.
(A)F.71 and (A)F.79 have been compiled separately since 2007. Information, with some estimation, both on stocks and transactions for (A)F.71 and (A)F.79 are available. Data for (A)F.7 (partially) and (A)F.71 are obtained from domestic sector source; when these data are not covered by direct source, estimations are used. See also section 8.1.6.

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers Other financial auxiliaries serving financial institutions (S.1241), which includes the Amsterdam Stock Exchanges, stockbrokers, market makers, credit and mortgage brokers, financial advisory and asset management institutions, and the Other financial auxiliaries serving insurance corporations and pension funds (S.1242), which consists of insurance brokers and advisors.

Information on financial auxiliaries can only be obtained using fiscal data. Just like with the smaller NFCs only 7 balance sheet items are available. The required details are calculated according to the structure of a selection of 'smallest' large corporations operating in the commercial services sector.

8.2.4.1 Currency and deposits (F.2)

i) Assets
Source: fiscal data on financial auxiliaries.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

Assets/ Liabilities
Source: fiscal data on financial auxiliaries.
Financial derivatives (F.34) - not covered for this sector.

8.2.4.3 Loans (F.4)

Assets/ Liabilities
Source: fiscal data on financial auxiliaries.

8.2.4.4 Shares and other equity (F.5)

Assets/ Liabilities
Source: fiscal data on financial auxiliaries.
From a theoretical point of view, the only major borderline case in the classification of

financial assets may arise from the development of new 'products' by mutual funds. The features of issued shares tend rapidly to a situation that any capital losses can be precluded and/or a fixed minimum income can be guaranteed. In other words, mutual funds shares resemble more and more like deposits, rather than shares.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
Source: fiscal data on financial auxiliaries.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Source: fiscal data on financial auxiliaries.
(A)F.71 and (A)F.79 have been compiled separately since 2007. Information, with some estimation, both on stocks and transactions for (A)F.71 and (A)F.79 are available. See also section 8.1.6.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 consists of the sub-sectors Insurance Corporations (S.1251), which includes all commercial risk insurance and life insurance, annual saving funds, 'funeral in kind' insurers supervised by the Chamber of Insurance. Furthermore, pension funds (S.1252), which encompasses the pension funds for branches of industry, company pension funds, and pension funds for professions supervised by the Chamber of Insurance. Finally, the sub-sector includes Insurance corporations and pension funds not supervised (S.1253). This rather small sub-sector manages the pensions of some special interest groups; their total claims are, however, less than 1 percent of the overall insurance technical reserves.

8.2.5.1 Currency and deposits (F.2)

i) Assets
Data sources are MFI balance sheets, Credit institutions reporting, central bank.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

Assets/ Liabilities
Data sources are MFI balance sheets, Credit institutions reporting, central bank.
Financial derivatives (F.34) – see section 8.1.2.

8.2.5.3 Loans (F.4)

Assets/ Liabilities
Data sources are MFI balance sheets, Credit institutions reporting, central bank.

8.2.5.4 Shares and other equity (F.5)

Assets/ Liabilities
Data sources are MFI balance sheets, Credit institutions reporting, central bank.

8.2.4.5 Insurance technical reserves (F.6)

Assets/ Liabilities
Data sources are MFI balance sheets, Credit institutions reporting, central bank.
Even on a non-consolidated basis any positions in Insurance technical reserves (AF.6) between units of S.125 are cancelled out. On the one hand this may be against the general consolidation procedures. On the other hand the heading AF.61 (i.e. Net equity of households….') suggests that only (resident and non-resident) households can be 'holders' of the positions involved. From that point of view it seems legitimate to balance intra-subsectoral assets with liabilities. For reasons of consistency the same method has been applied to AF.62.

Net equity of households in life insurance reserves (F.611): Liabilities of (life) insurance corporations vis-à-vis non-resident households can be estimated from (life) insurance balance sheet (and/or profit and loss accounts). Annual transactions in F.611 assets for RoW as a total are derived from non-financial transactions (F.611 = gross premiums received + imputed premiums – charges for insurance services – claims paid), in turn estimated from (annual) supervisory data; since the supervisory data do not provide a geographical breakdown for F.611, the cross-border part of F.611 is estimated by applying to the total of F.611 the ratio 'income from investment for non-residents' divided by 'income from total investment'. Annual stocks of AF.611 assets for RoW are derived from the total stocks of AF.611 from supervisory data, applying the same ratio. OEF are calculated as residuals.

Net equity of households in pension fund reserves (F.612): Liabilities of pension funds vis-à-vis non-resident households (current and former employees of resident employers) can be estimated from pension funds' balance sheets and/or profit and loss accounts. Annual transactions in F.612 assets for ROW are derived from non-financial transactions, in turn derived from a combination of supervisory and BOP data and NSI estimates. AF.612 stocks are split into reserves for active and reserves for inactive participants. Reserves for inactive participants are estimated from the total amount of benefits received by ROW (BOP sources) multiplied by a factor, the ratio between total reserves for inactive participants and total benefits received by inactive participants (from supervisory data). Reserves for active participants are estimated from the total of AF.612, multiplied by a ratio which represents the share of active participants and another ratio based on premiums paid (from supervisory data) attributable to ROW. For OEF the situation is the same as for (A) F.61.

Prepayments of insurance premiums and reserves for outstanding claims (AF.62): BOP/IIP data are an important element in the compilation of the ROW account for (A)F.62. Cross-border reinsurance is recorded as zero due lack of data.

8.2.5.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Data sources are MFI balance sheets, Credit institutions reporting, central bank.
Estimates are made for both assets and liabilities. Information, with some estimation, both on stocks and transactions for (A)F.71 and (A)F.79 are available. See also section 8.1.6.

8.3 General Government (S.13)

Sub-sector S.1311 (central government) consists of the State Government, including all the ministries and some budget funds like the Municipal and Province Budget Fund, the Mobility Fund and the Infrastructure Fund, Universities, and a number of non-profit institutions controlled and mainly financed by the central government such as the National Investment Bank for Developing Countries and several charity, relief and educational organisations.

The State is the largest part of the central government sub-sector: about 90% of the balance sheet total of central government. For the State, the Ministry of Finance provides an almost full set of ESA95-compliant data on an annual basis. The only cases where no data are provided are:

a) liabilities of (A)F.21, currency issued by the Dutch State (see below for other source);
b) liabilities of (A)F.332, Dutch state loans, for which only nominal and market values are provided;
c) assets of (A)F.7.

For the case of liabilities of (A)F.7, only direct information on interest accrued on (A)F.331, (A) F.332 and (A)F.42 is available.

Sub-sector S.1313 (local government) consists of municipalities, provinces, district water boards, joint ventures of municipalities in the field of waste processing, water treatment, fire brigades, social work provisions, privatised government services such as employment services offices and regional police organisations, and local private law institutions like special educational centres, museums and public libraries.

Up to 2005, Statistics Netherlands carried out a quarterly balance sheet survey (Fido) of all local government institutions with the exception of educational institutions and non-profit institutions belonging to local government. The survey started in 2001Q1 and covers, from a financial accounts perspective, the majority of local government. The survey covers all relevant instruments but the classification is not in ESA 95 terms. Survey results are currently used for estimating AF.332 assets and liabilities, AF.5 assets and AF.42 liabilities.

In 2004 a new survey (called Iv3) was introduced. This new survey covers both financial and non-financial transactions (mostly according to ESA 95 classification) as well as balance sheet data (according to administrative Dutch classification) in a fully integrated way. It is based on a new national law on accounting and reporting obligations for local government. In 2005 the balance sheet data were gradually implemented, replacing the Fido survey, whilst in 2006 the Iv3 balance sheet data were fully used due to the fact that the Fido survey has been finished. Currently, the data of financial transactions are being utilized.

Sub-sector S.1314 (social security funds) covers:

- Supervisory and executive bodies for social security regulations like the Supervisory Board for Social Insurance, the Social Security Bank, the Medical Insurance Board, industrial insurance boards and the Industrial Insurance Administration;

- Social security funds for the execution of the various acts such as the Compulsory Pension Funds Act and the Unemployment Insurance Act. As a consequence of stricter interpretation of the ESA 95 guidelines this sub-sector currently only includes compulsory and collective social security arrangements that apply for the total population or a very large part. Social security arrangements between employers and employees are classified under private insurance (S1251).

8.3.2 Currency and deposits (F.2)

i) Assets
Central and local government.: BoP (counterpart) data are used for AF.2 assets.
Local government and Social security funds: MBS (counterpart) data are used for estimating AF.2 assets.
ii) Liabilities
Concerning AF.21 liabilities, currency issued by the State (coins), data are provided on a quarterly basis by DNB, the Dutch Central Bank. Timeliness of these data is one month.

8.3.3 Securities other than shares (F.3)

i) Assets
Statistics Netherlands compiles indices on quoted shares and bonds. These indices were used in the past for revaluations of AF.332 and AF.5/AF.511 assets for social security funds.
ii) Liabilities
Data on AF.332 liabilities of central government at market value are obtained from AEX, the Amsterdam stock exchange. This covers the State and NIO, currently the only issuers of securities other than shares in the central government sector. Both amounts outstanding and quoted prices are used on a security-by-security basis. Only end-of-year data are used. Timeliness of these data is one (working) day.
Local government: MBS (counterpart) data are used for estimating AF.33 liabilities.

Financial derivatives (F.34) – see section 8.1.2. Sub-sectors S.1313-14 have no AF.34 business.

8.3.4 Loans (F.4)

i) Assets
Central government.: Complete data on AF.4 assets are available on an annual basis from the Ministry of Finance.
Social security funds: Complete data on AF.41 assets are available on an annual basis from the Ministry of Finance.
ii) Liabilities
Central government.: Complete data on AF.4 assets are available on an annual basis from the Ministry of Finance.
Local government: MBS (counterpart) data are used for estimating AF.41 liabilities.
Social security funds: MBS (counterpart) data are used for AF.4 liabilities.

8.3.5 Shares and other equity (F.5)

i) Assets
Central government: market value estimates are based annual reports. Currently the timeliness is t+6 months.
Statistics Netherlands compiles indices on quoted shares and bonds. These indices were used in the past for revaluations of AF.332 and AF.5/AF.511 assets for social security funds. They were also used, up to 2000Q4, for revaluations of and AF.332 assets and liabilities and AF.5 assets for local government.
ii) Liabilities
Not applicable

8.3.6 Insurance technical reserves (F.6)

Assets/ Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Estimates are made for both assets and liabilities. Information, with some estimation, both on stocks and transactions for (A)F.71 and (A)F.79 are available. Data for (A)F.7 and (A)F.71 (partially S.1311 and S.1313) are obtained from domestic sector source; when (A)F.7 data are not covered by direct source, estimations are relied on.
Trade credits (AF.71) are reported annually as a separate item. An estimate is made for government sectors based on non-financial accounts data. See also section 8.1.6.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Sectors S.14 and S.15 are combined, as financial information is either not available or of insufficient quality to allow for the separate publication. The sector Households consists in principle of all natural persons including their business activities (self-employed persons). The NPISH comprise of units such as sporting clubs and religious organisations.

8.4.1 Currency and deposits (F.2)

i) Assets
Sources: AF.21 counter-sector information of S.1311+S.2, central bank for S.121; AF.22 counter-sector information of S.122; AF.29 central bank for S.122, counter-sector information of S.122+S.2.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

i) Assets
Sources: AF.331 deposit companies (by way of central bank) for S.122+S.2, counter-sector information of S.1311; AF.332 deposit companies (by way of central bank); AF.34 counter-sector information S.2.
ii) Liabilities

Sources: AF.34 counter-sector information S.2 (by way of central bank).

8.4.3 Loans (F.4)

i) Assets
Sources: AF.41 and AF.42 counter-sector information.
ii) Liabilities
Sources: AF.41 central bank for S.122, counter-sector information of S.123, S.1311; AF.42 central bank for S.122, counter-sector information of S.123+S.125++S.1311+S.1313.

8.4.4 Shares and other equity (F.5)

i) Assets
AF.51 sources: AF.511 deposit companies (by way of central bank); AF.512 deposit companies (by way of central bank); AF.513 counter-sector information.
AF.52 source: deposit companies (by way of central bank).From 2005 onwards, it is feasible to distinguish the holdings of mutual funds shares issued by non-residents from other non-residential share issues. The reported figures on mutual funds shares include both.
ii) Liabilities
Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets
The approach is similar to that for (A)F.6 liabilities of resident Insurance Companies – see section 8.2.4.5.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Trade credits (AF71) are reported as a separate item.
For other accounts receivable and payable (AF.79), only net data are compiled.
Information, with some estimation, both on stocks and transactions for (A)F.71 and (A)F.79 are available. Data are calculated as residual. See also section 8.1.6.

8.5 Rest of the world (S2)

Sub-sectors S.21 (European Union) and S.22 (third countries and international organisations) are not distinguished within sector S.2.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
source: BOP/IIP data.
Special drawing rights (SDRs) (F.12) - According to a traditional national practice all assets and liabilities of the central bank against the IMF are grouped together and reported under AF.1, which therefore also includes the ‘net position’ of the central bank in the IMF.
ii) Liabilities

Not applicable.

8.6.2 Currency and deposits (F.2)

Assets/ Liabilities
Source: BOP/IIP data.

8.6.3 Securities other than shares (F.3)

Assets/ Liabilities
Source: BOP/IIP data.
Financial derivatives (F.34) – see section 8.1.2.

8.6.4 Loans (F.4)

Assets/ Liabilities
Source: BOP/IIP data.
Quarterly financial statements of NFCs, together with BOP information, provide the basis for estimates of S.11 cross-border loans (assets and liabilities).
Source for inter-company cross-border loans granted by or to NFCs: BOP data and estimations. Distinction is made between euro area and other non-resident counterparts.

8.6.5 Shares and other equity (F.5)

i) Assets
Source: BOP/IIP data.
ii) Liabilities
Source: BOP/IIP data.
Mutual funds shares (AF.52): From 2005 onwards, it is feasible to distinguish the holdings of mutual funds shares issued by non-residents from other non-residential share issues. The reported figures on mutual funds shares include both.

8.6.6 Insurance technical reserves (F.6)

i) Assets
Net equity of households in life insurance reserves (F.611): see section 8.2.4.5.
Net equity of households in pension fund reserves (F.612): see section 8.2.4.5.
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): BOP/IIP data are an important element in the compilation of the ROW account for (A)F.62. Cross-border reinsurance is recorded as zero due lack of data.

ii) Liabilities
Net equity of households in life insurance reserves (AF.611): The approach is similar to that for (A)F.611 liabilities of resident ICs to non-resident households (see section 8.2.4.5). Other economic flows are estimated zero and stocks are derived from cumulative estimated flows.
Net equity of households in pension fund reserves (AF.612): No data - currently assumed to be zero.
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): No data at present – assumed to be zero.

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Estimates are made for both assets and liabilities. Information, with some estimation, both on stocks and transactions for (A)F.71 and (A)F.79 are available.
The import and export trade credit associated with advance and progress payments are obtained from BOP source. There is no inconsistency but some balancing may be needed.
The distinction between foreign trade credit and inward/outward FDI loans ((A)F.42) is made in the BOP/IIP statistics. See also section 8.1.6.

Chapter 14. Annual financial accounts sources and methods: Austria

1. Institutional arrangements

The Oesterreichische Nationalbank (OeNB) is responsible for the methodology and the compilation of annual and quarterly financial accounts. The compilation of annual data is made on behalf of and in close co-operation with the National Statistical Office.

The External Statistics and Financial Accounts Division within the Statistics Department is responsible for the compilation of the financial accounts data (both quarterly and annual data).

The following organisations are involved in the compilation process as data providers. In the case of the central bank the different divisions are also explained:

Institution	Department	Division	Data
Central bank (OeNB)	Statistics Department	Supervisory and Banking Statistics	MFI, OFI-Balance sheets data, profit and loss accounts of banks, Interest rate statistics (MIR), Investment data by ICPFs
		External Statistics and Financial Accounts	External Statistics (including data on FATS, FDI), securities statistics (security by security)
		Both division (shared compilation responsibility)	Investment fund statistics
		Credit division	Indicators and selected balance sheet data on equity issued by non-financial corporations
	Accounting	Financial Statement	Central bank balance sheet data
National statistics institute (Statistik Austria)			Government finance statistics, data on joint stock companies (NFC)
Financial Market Authority			Balance sheet data of insurance corporations and pensions funds
ECB			CSDB
Company register			Balance sheet data on nominal capital data (equity)
Commercial database			Balance sheet data on nominal capital / own equity ratio

2. Publication

The central bank is disseminating the results of the financial accounts. Publication of annual data covers stocks from the reference year 1995 up to now, the data on flows from 1996 up to now for all economic sectors and for all financial instruments in a who-to-whom matrix presentation:

- Total Economy (Domestic Residents)
- Non-financial corporations
- Financial Sector
- Monetary Financial Institutions including the central bank (MFIs)
- Other Financial Institutions except Insurance Corporations and Pension Funds
- Insurance Corporations and Pension Funds
- General Government
- Central Government
- Households and Non-profit Institutions serving Households (NPISHs) - selected time series are available from 1980 (for stocks) and 1981 (for flows) onwards; selected time series are available for households (S.14) from 2006 onwards
- Rest of the world.

Internet: (German and English version), Statistics and Reporting, Statistical Data, Financial Accounts
Financial Investment (Financial Assets) and Financing (Financial Liabilities) for all sectors
Print version and Internet: Supplementary Statistics "Financial Accounts 2007" (both in German and English), with a full table-set including all details and who-to-whom breakdowns; it also includes main results and major conceptual revisions as well as a description on the methodology, the definitions and the sources.
Internet: (German and English version), Statistics and Reporting, Statistical Data, Financial Accounts: the print version is available as PDF-file.

The central bank is announcing forthcoming updates of financial accounts data (including the quarterly releases) on the OeNB web-site release calendar:
http://www.oenb.at/en/stat_melders/veroeffentlichungskalender/release_calendar.jsp.

3. Production cycle

Quarterly financial accounts for the whole reference year are compiled 14 weeks after the end of the reference year taking into account primary statistics on a quarterly basis. The compilation of annual financial accounts is based on quarterly financial accounts supplemented by existing results of quarterly (partially revised) primary statistics and annual data (mainly balance sheet data of insurance corporations, pension funds and non-financial corporations as well as FDI survey data) nine months after the end of the reference year. The production of annual financial accounts is done on behalf of Statistik Austria.

EDP data compiled end of March are taken into account for the production of financial accounts on a quarterly basis (cumulated four-quarter data). The non-financial accounts for all economic sectors including the ROW account compiled by Statistics Austria eight months after the end of the reference period as well as the revised EDP data are incorporated in the compilation of the annual financial account in September after the reference period.

A formal cooperation agreement between the national statistical institute (Statistics Austria) and OeNB has been signed in the year 2003. Annexes allocating the institutional responsibility for special fields of activity where cooperation is needed (among others government finance statistics) will be added when fixed.

A working group consisting of NSI (non-financial accounts compiler) and NCB (financial accounts compiler) has been established where methodological questions are discussed, data sources are evaluated and reasons for differences are analysed and solved.

4. Balancing the accounts

In principle the financial accounts data are compiled based on data for the asset side (creditors view) broken down by individual sector information from a "who–to-whom" perspective, which allows to compile the liability side as the sum of asset side entries.

In the case where no full sector information on the asset side is available for a certain instrument the value of the discrepancy between the liability side less the asset side is attributed normally to the non-financial corporations (S.11) in the case of holdings of currency and equity other than listed shares issued by non-financial corporations, and to other financial institutions (S.123) in the case of equity other than listed shares issued by financial corporations.

Data on insurance technical reserves (AF.6) are compiled based on entries on the liability side. These liabilities are allocated to the corresponding creditors (households, NFCs, and ROW).

Data on tradable securities (debt securities, tradable financial derivatives, listed shares and mutual fund shares) are compiled for domestic creditors on the basis of custodian reports and direct reports and on the liability side on the basis of issuance data (security by security compilation system). The difference between liabilities and assets by domestic creditors will be allocated as non-residents holdings.

5. Consolidation issues

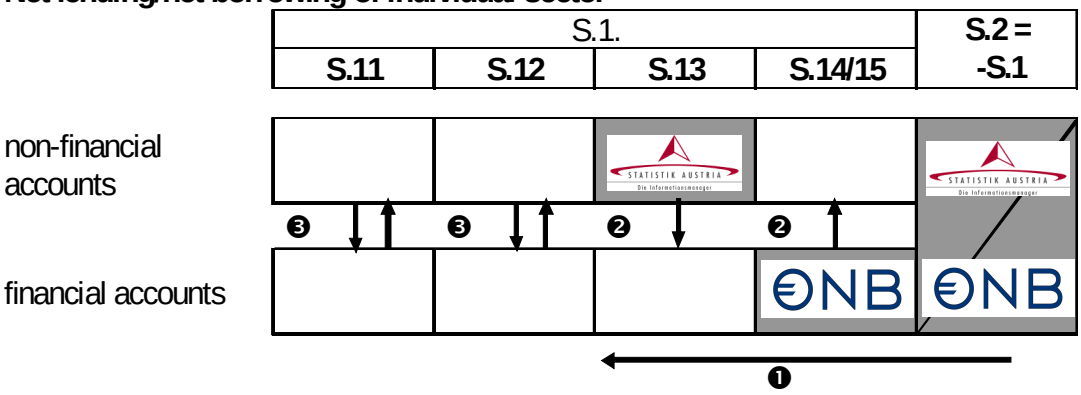
The compilation for non-consolidated data are made on a "who-to-whom" basis for all sectors and financial instruments at the lowest level both on the asset side and liability side (e.g. short-term debt securities issued by central government and held by households). First of all sub-sectors are consolidated at a sub-sector level – assets of the sub-sector which are issued from the same sub-sector or which are liabilities of the same sub-sector are deducted from the assets and liabilities of the sub-sector (e.g. S.122 MFI vis-a-vis S.122 MFI). This intermediate step is made for S.121, S.122, S.123, S.124, S.125, S.1311, S.1312, S.1313 and S.1314. Finally assets of the other (remaining) sub-sectors within a certain sector which are issued from one of the sub-sectors within this sector or which are liabilities of one of the sub-sectors within this sector are deducted from the assets and liabilities of the sector (e.g assets of S.1312+S.1313+S.1314 which are liabilities of S.1311 are deducted from the assets and liabilities of S.1311). The results are the consolidated data at sector level for S.12 and S.13. The consolidation for S.11 is made in line with the sub-sector consolidation. No consolidation is made at present between S.14 and S.15 and by definition for S.1.

6. Plausibility checks

A bottom-up approach is used.

1. Checks are made within primary statistics (security by security statistics, money and banking statistics, balance of payments – especially current accounts vis-a-vis financial account).
2. Checks are made between primary statistics (money and banking data vis-a-vis data provided by other financial institutions and by the government sector; balance of payments data and securities holdings statistics are also compared with data derived from data for the government sector).
3. Checks are made on total financial assets and liabilities vis-a-vis balance sheet data of MFI (including central bank), insurance corporations, pension funds, EDP data for the government sector and IIP data for the rest of the world account.
4. Checks are made for households and for non-financial corporations on the structure of financial investment and financing and on the quarterly (seasonal) behaviour of households.
5. Checks are made comparing net lending/net borrowing for each individual sector taking into account main aggregates of the non-financial (e.g. net disposable income, consumption, real investment,property income) and financial accounts. Reconciliation of net lending/borrowing derived from non-financial accounts and financial accounts including the priority for each individual sector is shown in the following table:

Net lending/net borrowing of individual sector



7. Ongoing or planned changes to FA production

The whole compilation procedure will be incorporated in the existing technical framework, which is already used for the compilation of securities statistics and BOP/IIP statistics in the year 2009. This allows using the same data for all results on a harmonised and coordinated basis and achieves in principle full consistency in the whole statistical system provided by the External Statistics and Financial Accounts Division.

It is envisaged that Statistics Austria will take over full responsibility for and compilation of tables 6 and 7 restricted to data of the sector general government of the ESA 95 transmission programme and table 27 of the ESA95 transmission programme in the year 2013.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Corporations and partnerships which are principally engaged in producing goods and non-financial services, non-financial holding companies and non-financial special purpose entities; classification according to the business register by Statistics Austria.

8.1.1 Currency and deposits (F.2)

Comprises banknotes, base metal coins, bimetallic coins, silver coins, transferable deposits with banks (personal checking accounts, sight deposits, time deposits, saving deposits). Since the reporting date December 31, 2002, schilling-denominated banknotes and coins have been recorded under "other accounts receivable" instead of under currency. Stocks are recorded at their nominal value.

i) Assets
Data derived from banking statistics and BOP statistics for deposits. Currency holdings are estimated based on balance sheet data and the ratio of currency holding of the combined sector "non-financial corporations including households".
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Comprises money market instruments (securities with an original maturity of up to one year), capital market instruments (securities with an original maturity of more than one year) as well as financial derivatives based on both interest rate and capital contracts. The securities transactions and the resulting securities portfolios include any interest accrued and not yet paid in line with the accruals principle applicable under the ESA 95 framework. Stocks are valued at current market prices.

Compilation of debt securities, tradable financial derivatives, quoted (listed) shares and mutual funds shares is on a security by security basis. A comprehensive and reliable compilation system is used for flows and stocks, based on data collection using the ISIN (or other securities identifier, if no ISIN exists). From reporting period 2006 onwards, both custodians and non-custodians reporting stocks and flows have been integrated in one report with an ISIN breakdown, which is very beneficial for the reconciliation of flows and stocks. The report includes:
• Nominal stocks at end of period;
• Price at end of period (mandatory, if no official ISIN code available or in case of unquoted shares);
• Increases and decreases of stocks in nominal terms with or without payment;
• Value of credit and debit transaction (purchase/sale) in EUR in case of increase/decrease of stocks;
• Accrued interest paid/received included in transaction values of purchases and sales;
• Value of credit and debit transactions in EUR without an increase/decrease of stocks.
Custodians are required to report their own holdings and the holdings of their (non-custodian) customers with a breakdown in 19 groups/sectors of customers, derived from the sector classification of ESA 95.

i) Assets
Data are compiled on the basis of custodian reports by domestic banks and direct reports by single entities (if the holdings exceed the reporting threshold). The compilation is done on a security by security basis.
ii) Liabilities
Data are compiled on the basis of security issuance data provided. The compilation is done on a security by security basis.

8.1.3 Loans (F.4)

Comprises unsecuritized, interest-bearing debt. This includes loans extended by financial corporations, associated companies and government entities, particularly under the central government's intermediary funding programs and the home loan programs of the regional governments (including the city of Vienna), but excludes trade credits. Loans are valued at nominal prices or book values.

i) Assets
Inter-company cross-border loans granted by or to NFCs: BOP data with the distinction between euro area and other non-resident counterparts. BOP (FDI) data provide information to enable loans to be allocated to AF.4. For split between other MS/ euro area/ ROW the creditor/debtor principle is used (unlike in FDI statistics which follow the inward/outward principle).
Resident inter-company loans: not available at present but planned to use balance sheet data and BOP statistics, splitting inter-company loans into counterpart S.1 and S.2. Loans are not covered between non-affiliated NFCs (i.e. where there is no ownership link between debtor and creditor).
Coverage of loans granted by NFCs to other sectors: no information available at present. There is no information on instalment loans by retailers to customers.
ii) Liabilities
Data are compiled on the basis of banking statistics, insurance corporation data, data of the government sector and BOP statistics.

8.1.4 Shares and other equity (F.5)

Quoted shares (F.511): comprises corporate shares listed on a stock exchange or traded on other markets. Valuation is at market prices. Source: security by security compilation system - see section 8.1.2.

Unquoted shares (F.512): comprises unquoted shares in domestic limited liability companies or in foreign corporations, as well as cross-border holdings of real estate (in line with ESA methodology). Unquoted shares are valued at equity book values. The value of real estate holdings is based on cumulated value of transactions conducted since 1995.
i) Assets
Assets are compiled as residual item: total liabilities less holdings of all other sectors in the case of equity issued by NFCs. Cross-border holdings are derived from BOP statistics.
ii) Liabilities
Data are compiled on the basis of annual statistics provided by Statistics Austria using balance sheet data of all joint-stock companies. Important companies are included in the

security by security compilation system and compiled on a quarterly basis. The remaining entities are compiled on an annual basis.

Other equity (F.513): Distinction vis-à-vis net worth of sole proprietorships and partnerships is based on legal form. Other equity also contains the property of land in Austria by non-residents allocated as quasi corporation in Austria.
i) Assets
Assets are compiled as residual item: total liabilities less holdings of all other sectors in the case of equity issued by NFCs. Cross-border holdings are derived from BOP statistics.
ii) Liabilities
Data are compiled on the basis of the Company register (including data on ownership structures based on the amount of nominal capital shares) and a commercial database, listing approximately 76,000 Austrian companies with limited liability to establish nominal capital and equity capital data amounts. At present there are approximately 194,000 equity capital relations (at book values) between the limited liability companies and their equity investors. In a second step, the individual results were aggregated to establish "who-to-whom" relations between sectors of the economy. Property of land (and dwellings) by non-residents in Austria are incorporated as other equity.

Mutual fund shares (F.52): Shares in corporations either traded on a stock exchange (closed-end funds) or subject to issuance and withdrawal by a corporation (open funds). Valuation is at market prices. Source - security by security compilation system - see section 8.1.2.

8.1.5 Insurance technical reserves (F.6)

Comprises net equity of households (resident and non-resident) in life insurance and pension fund reserves; claims of households and non-financial corporations related to prepayments of insurance premiums and reserves for outstanding claims. Valuation is at book values.
i) Assets
Prepayments of insurance premiums and reserves for outstanding claims (F.62) - The split between non-financial corporations and households is made based on estimations derived from the split of premiums made by Statistics Austria.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Comprises claims or liabilities arising from trade credits and advances as well as all financial assets and liabilities not classified in another category. Since the reporting date December 31, 2002, this item has also included schilling-denominated banknotes and coins.

Assets / Liabilities
Cross-border trade credits are derived from (sample-based) survey data. Domestic trade credits are not available. Other accounts receivable other than trade credits are derived by estimated data of banking balance sheet data (remaining assets/liabilities), government data and BOP data.
It is not possible to distinguish (A)F.71 agreed between S.11 and S.14 from (A)F.71 within S.14. The distinction between foreign trade credit and inward/outward FDI loans ((A)F.42) is made in BOP/IIP statistics.

8.2 Financial corporations (S.12)

MFIs, other financial institutions/financial auxiliaries, insurance corporations and pension funds.

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank.

8.2.1.1 Monetary gold and SDRs (F.1)

Gold held as a component of reserve assets and SDRs created by the IMF.

i) Assets
Data are derived from BOP statistics.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

Definition and valuation – see section 8.1.1.
i) Assets
Data on currency holdings and deposits are derived from banking statistics (loans in the primary statistics are allocated as deposits in the case of inter-bank activities). Intra ESCB assets/liabilities are allocated as F.79 at present.
ii) Liabilities
Sum of the assets are compiled as liabilities in the case of deposits. In the case of currency the amount of "put into circulation" and since 2006 the liabilities derived from the CSM are used to allocate the domestic liabilities.

8.2.1.3 Securities other than shares (F.3)

Definition and valuation – see section 8.1.2.
i) Assets
Data are compiled on the basis of balance sheet of the central bank. Security-by-security database.
ii) Liabilities
Not applicable at present.

8.2.1.4 Loans (F.4)

Definition and valuation – see section 8.1.3.
i) Assets
Data are compiled on the basis of balance sheet of the central bank.
ii) Liabilities
Not applicable at present.

8.2.1.5 Shares and other equity (F.5)

Definition and valuation – see section 8.1.4.

i) Assets
Data are compiled on the basis of balance sheet of the central bank.
ii) Liabilities
Data are compiled on the basis of balance sheet of the central bank and recorded within the financial instrument (A)F.512.

8.2.1.6 Insurance technical reserves (F.6)

Definition and valuation – see section 8.1.5.
i) Assets
Not applicable at present.
ii) Liabilities
Funded pension scheme is included in the balance sheet of the central bank and is allocated to the staff of the central bank (S.14).

8.2.1.7 Other accounts receivable and payable (F.7)

Definition – see section 8.1.6.
i) Assets
Intra ESCB-assets/liabilities due to the issuance of banknotes and the currency settlement media are allocated as assets vis-a-vis the rest of the world.
ii) Liabilities
Intra ESCB-assets/liabilities due to the issuance of banknotes and the currency settlement media are allocated as liabilities vis-a-vis the rest of the world. Schilling denominated currency is recorded in this item (assumption: holding by resident households only).

8.2.2 Other monetary financial institutions (S.122)

Other MFIs (banks according to the ECB's definition of MFIs for statistical purposes).

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

Definition and valuation – see section 8.1.1.
i) Assets
Data on currency holdings and deposits are derived from banking statistics (loans in the primary statistics are allocated as deposits in the case of inter-bank activities).
ii) Liabilities
Sum of the assets are compiled as liabilities in the case of deposits.

8.2.2.3 Securities other than shares (F.3), mutual fund shares (F.5)

Definition and valuation – see section 8.1.2.
i) Assets
Data are compiled on the basis of custodian reports by domestic banks. The compilation is done on a security by security basis.
ii) Liabilities

Data are compiled on the basis of security issuance data. The compilation is done on a security by security basis. The liability side of mutual fund shares contains money market fund shares according to the allocation by the ECB.

8.2.2.4 Loans (F.4)

Definition and valuation – see section 8.1.3.
i) Assets
Data are compiled on the basis of banking statistics (MFI statistics). Interbank loans are treated as deposits. Data are recorded on a gross basis (excluding changes due to write-offs and write-downs).
ii) Liabilities
Sum of the assets are compiled as liabilities in the case of loans.

8.2.2.5 Shares and other equity (F.5)

Definition and valuation – see section 8.1.4.

Quoted shares F.511, mutual funds shares (F.52):
The compilation is done on a security by security basis.

Unquoted shares (F.512) and other equity (F.513):
i) Assets
Data are compiled as residual item for resident holdings: data on equity (F.5 excluding MMF shares) derived from MFI balance sheet data minus data on quoted shares derived from securities holdings statistics. Data are compiled on the basis of BOP statistics for cross-border holdings.
ii) Liabilities
Data derived from equity position within the banking balance sheets (supervisory data).

8.2.2.6 Insurance technical reserves (F.6)

Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

Definition – see section 8.1.6. Trade credits are not included separately.
i) Assets
Estimated data derived from the "remaining assets/liabilities" within the MFI balance sheet data and BOP statistics.
ii) Liabilities
Sum of the assets of all creditor sectors are compiled as liabilities.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123) and Financial auxiliaries (S.124)

Banks which do not qualify as MFIs, financial holding companies, financial umbrella companies, management firms of pension funds and investment funds, financial special purpose entities and severance funds; classification according to the business register by Statistics Austria in accordance with the central bank.

8.2.3.1 Currency and deposits (F.2)

Definition and valuation – see section 8.1.1.
i) Assets
Data on currency are compiled on the basis of balance sheets of banks other than MFI and investment fund statistics. Data on deposits are compiled on the basis of MFI-balance sheet data (counterpart data), investment fund statistics and BOP statistics.
ii) Liabilities
Sum of the assets of all creditor sectors are compiled as liabilities.

8.2.3.2 Securities other than shares (F.3)

Definition and valuation – see section 8.1.2.
i) Assets
Data are compiled on the basis of custodian reports by domestic banks and direct reports by single entities (if the holdings exceed the reporting threshold). The compilation is done on a security by security basis.
ii) Liabilities
Data are compiled on the basis of security issuance data. The compilation is done on a security by security basis.

8.2.3.3 Loans (F.4)

Definition and valuation – see section 8.1.3.
i) Assets
Data on loans are compiled on the basis of balance sheets of banks other than MFI, investment fund statistics and BOP statistics.
ii) Liabilities
Sum of the assets of all creditor sectors are compiled as liabilities.

8.2.3.4 Shares and other equity (F.5)

Definition and valuation – see section 8.1.4.

Quoted shares F.511, mutual funds shares (F.52):
The compilation is done on a security by security basis.

Unquoted shares (F.512) and other equity (F.513):
i) Assets
Data on holdings of equity by domestic non-financial corporations are compiled on the basis of balance sheet data. Data on holdings of equity by domestic financial corporations are compiled as residual item: Liabilities less holdings of all other domestic sectors and non-residents. Data on cross-border holdings are derived from BOP statistics.
ii) Liabilities
Data derived from equity position within the banking balance sheets (supervisory data) for banks other than MFI and for financial holding companies (supervisory data and individual data derived case by case).

8.2.3.5 Insurance technical reserves (F.6)

Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Definition – see section 8.1.6. Trade credits are not included separately.
i) Assets
Estimated data derived from the "remaining assets/liabilities" within the balance sheet data of banks other than MFI and BOP statistics.
ii) Liabilities
Sum of the assets of all creditor sectors are compiled as liabilities. Liabilities of severance funds vis-a-vis households are compiled within this category.

8.2.4 Financial auxiliaries (S.124)

See section 8.2.3.

8.2.5 Insurance corporations and pension funds (S.125)

Insurance corporations which are not classified in the social security sector and (single-employer and multi-employer) pension funds: classification according to register by Financial Market Authority.

8.2.5.1 Currency and deposits (F.2)

Definition and valuation – see section 8.1.1.
i) Assets
Data on currency and domestic deposits are compiled on the basis of balance sheets (and quarterly reports) of insurance corporations and pension funds. Cross-border deposits are compiled on the basis of BOP statistics.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

Definition and valuation – see section 8.1.2.
i) Assets
Data are compiled on the basis of custodian reports by domestic banks and direct reports by single entities (if the holdings exceed the reporting threshold). The compilation is done on a security by security basis.
ii) Liabilities
Data are compiled on the basis of security issuance data. The compilation is done on a security by security basis.

8.2.5.3 Loans (F.4)

Definition and valuation – see section 8.1.3.
i) Assets

Data on loans are compiled on the basis of balance sheets (and quarterly reports) and BOP statistics.
ii) Liabilities
Sum of the assets of all creditor sectors are compiled as liabilities.

8.2.5.4 Shares and other equity (F.5)

Definition and valuation – see section 8.1.4.

Quoted shares F.511, mutual funds shares (F.52):
The compilation is done on a security by security basis.

Unquoted shares (F.512) and other equity (F.513):
i) Assets
Data on holdings of equity by domestic corporations are compiled on the basis of balance sheet data (and quarterly reports). Data on cross-border holdings are derived from BOP statistics.
ii) Liabilities
Data derived from equity position within the balance sheets (supervisory data).

8.2.4.5 Insurance technical reserves (F.6)

Definition and valuation – see section 8.1.5.
i) Assets
not applicable
ii) Liabilities
Data derived from balance sheets data (and quarterly reports) of insurance corporations and pension funds. Split into F.611, F.612, F.62 (excluding reinsurance claims/liabilities).

8.2.5.6 Other accounts receivable and payable (F.7)

Definition – see section 8.1.6. Trade credits are not included separately.
i) Assets
Data are derived from balance sheet data (and quarterly reports) on remaining assets for domestic claims and from BOP data for non-resident claims.
ii) Liabilities
Working balance deposits for re-insurance claims/liabilities are treated as other receivable/payable on a consolidated basis. They are treated as assets of non-residents insurance corporations. Sum of the assets of all creditor sectors are compiled as liabilities.

8.3 General Government (S.13)

Sub-sector S.1311 includes: The Federal Government and miscellaneous public sector authorities (higher education schools, various funds of public activities (e.g. ERP-Fonds, Österreichische Bundesfinanzierungsagentur), various public organisation for the co-ordination of certain types of professionals and industries (Bundeskammern) and Diplomatic academy in Vienna.
Sub-sectors S.1312 and S.1313 includes: State and local government authorities, lower and primary education schools, fire fighting departments as well as local based funds of public activities (e.g. Wirtschaftsförderungsfonds, Nationalparkfonds) and local based public

organisations for the co-ordination of certain types of professionals and industries (e.g. Ärztekammer, Notariatskammer, etc.).
Sub-sector S.1314 includes all domestic social security funds for employees, self-employed persons, retired persons and employees working within the government sector.

8.3.2 Currency and deposits (F.2)

Definition and valuation – see section 8.1.1.
i) Assets
Money and banking statistics constitute the main source of information concerning this financial instrument for all government sub-sectors. The frequency is monthly and the delay is one month.
Direct information is not used for deposits held by domestic banks.
Balance of payments statistics (direct information from the Austrian Federal Financing Agency) are used for deposits abroad.
ii) Liabilities
Not applicable.

8.3.3 Securities other than shares (F.3)

Definition and valuation – see section 8.1.2. The security by security database of the OeNB is used for assets and liabilities of all general government sub-sectors. Concerning Financial derivatives (F.34), direct information from the Austrian Federal Financing Agency is used.
i) Assets
Data are compiled on the basis of custodian reports by domestic banks and direct reports by single entities (if the holdings exceed the reporting threshold). The compilation is done on a security by security basis. The database is checked and regularly aligned with available direct information on the issuance of securities other than shares and holdings of "the state".
ii) Liabilities
Data are compiled on the basis of security issuance data. The compilation is done on a security by security basis and checked vis-a-vis direct data of the government sector.

8.3.4 Loans (F.4)

Definition and valuation – see section 8.1.3.
i) Assets
Central government loans to other government sub-sectors and to other domestic sectors are obtained from information from the Austrian Federal Financing Agency, available on a quarterly basis. BOP statistics are used for loans granted to non-residents. For the other sub-sectors direct information from Statistics Austria is used. These data are transmitted from the relevant authorities to Statistics Austria via the newly developed data interface for FA data.
ii) Liabilities
Nominal value of stocks of AF.4 Loans is the basis of the calculations. This information is currently available on annual level (EDP data compiled by Statistics Austria) as well as quarterly (quarterly Maastricht debt). Additionally monthly information on loans of central government is available from the Austrian Federal Financing Agency. General government debt consists mainly of debt incurred by central government.
Concerning the derivation of counterpart information of loans liabilities of general government the following indirect data sources are used: Money and banking statistics, BOP statistics, Statistics on domestic ICPFs.

8.3.5 Shares and other equity (F.5)

Definition and valuation – see section 8.1.4.
i) Assets
The security by security database of the OeNB is used for quoted shares. Differentiation into the subcategories of AF/F.5 is possible with the exception of AF/F.513 other equity. Concerning AF/F.513 an official commercial business register is used for the compilation of other equity of the government sector.
ii) Liabilities
Not applicable.

8.3.6 Insurance technical reserves (F.6)

Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Definition – see section 8.1.6.
i) Assets
Government data and BOP statistics are used: Trade credits for military equipment, time adjustments for taxes and time adjustments for EU transfers.
ii) Liabilities
Government data and BOP statistics are used: time adjustments for EU transfers and payables against tax payers.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Individuals and self-employed persons as well as single proprietorships, non-profit institutions with a separate legal personality which are other non-market producers and serve households (in Austria, e.g. trade unions, churches) as well as private foundations. Sectors S.14 and S.15 are distinguished from the reference period 2006 onwards.

8.4.1 Currency and deposits (F.2)

Definition and valuation – see section 8.1.1.
i) Assets
Data derived from banking statistics and BOP statistics for deposits. Currency holdings are estimated using historical time series (proportion of total financial assets less currency excluding changes due to market valuation), estimations based on currency holding surveys, and figures on consumption (and the use of electronic cash-cards and credit cards for consumption).
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

Definition and valuation – see section 8.1.2.

i) Assets

Data are compiled on the basis of custodian reports by domestic banks and direct reports by single entities (if the holdings exceed the reporting threshold). The compilation is done on a security by security basis.
ii) Liabilities
Not applicable.

8.4.3 Loans (F.4)

Definition and valuation – see section 8.1.3.
i) Assets
BOP statistics for cross-border loans. Loans within the household sector and vis-a-vis NFCs are not included, because no information is available at present.
ii) Liabilities
Data are derived from banking statistics (MFI and other banks), reports and balance sheet data of insurance corporations, government data (housing loans) and BOP statistics.

8.4.4 Shares and other equity (F.5)

Definition and valuation – see section 8.1.4.

Quoted shares F.511, mutual funds shares (F.52):
i) Assets:
Data are compiled on the basis of custodian reports by domestic banks and direct reports by single entities (if the holdings exceed the reporting threshold). The compilation is done on a security by security basis.
ii) Liabilities:
not applicable

Unquoted shares (F.512):
i) Assets
Assets are compiled within the securities holdings statistics and case by case derived from the joint stock company report provided by Statistics Austria. Cross-border holdings are derived from BOP statistics.
ii) Liabilities
Not applicable.

Other equity (F.513):
i) Assets
Data on resident holdings are compiled on the basis of the Company register (including data on ownership structures based on the amount of nominal capital shares) and a commercial database, listing approximately 76,000 Austrian companies with limited liability to establish nominal capital and equity capital data amounts. At present there are approximately 194,000 equity capital relations (at book values) between the limited liability companies and their equity investors. In a second step, the individual results were aggregated to establish “who-to-whom” relations between the individual sectors of the economy. Cross-border holdings are derived from BOP statistics. Property of land (and dwellings) by households abroad are incorporated as other equity.
ii) Liabilities
Not applicable.

8.4.5 Insurance technical reserves (F.6)

Definition and valuation – see section 8.1.5.
i) Assets
Net equity of households in life insurance reserves (F.611): Total insurance technical reserves of domestic insurance corporations less net equity of non-resident households (based on estimated figures within BOP statistics). Net equity of domestic households with non-resident insurance corporations are included (FMA receives yearly data about residents' (life) insurance policies with insurance companies in other EU countries, used to revise the Austrian BOP and financial accounts after about 12 months and estimated premiums on insurance technical reserves held with non-resident insurance corporations (based on BOP statistics)).
Net equity of households in pension fund reserves (F.612): data of pension funds and of the central bank.
Prepayments of insurance premiums and reserves for outstanding claims (F.62): the split between non-financial corporations and households is made based on estimations derived from the split of premiums made by Statistics Austria.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Definition – see section 8.1.6.
No domestic trade credits are included at present. Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79. though information for all items is not fully available. Counterpart sector source is used to obtain data; the use of estimations is under consideration for remaining assets/liabilities of banks.
i) Assets
Cross-border trade credits and cross-border other receivable derived from BOP statistics, net equity in severance funds (OFI sector), government payables against tax payers and holdings of Schilling denominated currency.
ii) Liabilities
Data arising from time adjustments of cash transactions for taxes and cross-border transactions are derived from BOP statistics.

8.5 Rest of the world (S2)

Non-resident entities are classified according to the residency approach. Sub-sectors S.21 (European Union) and S.22 (third countries and international organisations) are not distinguished within sector S.2.

8.6.1 Monetary gold and SDRs (F.1)

Gold held as a component of reserve assets and SDRs created by the IMF. Assets of the central bank are not shown as liabilities (in case of stocks).

8.6.2 Currency and deposits (F.2)

Definition and valuation – see section 8.1.1.
i) Assets

Currency: Liabilities of the central bank according to the amount put into circulation, and from 2006 onwards according to the CSM less holdings by residents, if the liabilities exceed the resident holdings as a residual item.

ii) Liabilities

Currency: Liabilities of the central bank according to the amount put into circulation, and from 2006 onwards according to the CSM less holdings by residents, if the assets of resident holdings exceed the liabilities of the central bank as a residual item.

8.6.3 Securities other than shares (F.3)

Definition and valuation – see section 8.1.2.

Financial derivatives are covered (tradable derivatives in line with all other kinds of securities on a security by security compilation procedure; other derivative contracts according a supplementary report by resident reporting units).

i) Assets

Total liability of resident issuers less total holdings of resident holdings are compiled as residual item. The compilation is done on a security by security basis (including FDI and portfolio investment).

ii) Liabilities

Holdings by residents in foreign securities (including FDI and portfolio investment). Data are compiled on the basis of custodian reports by domestic banks and direct reports by single entities (if the holdings exceed the reporting threshold). The compilation is done on a security by security basis.

8.6.4 Loans (F.4)

Definition and valuation – see section 8.1.3.

Assets/ Liabilities

Data are derived from BOP statistics (including FDI loans and loans in "other investment" category).

8.6.5 Shares and other equity (F.5)

Definition and valuation – see section 8.1.4.

Quoted shares (F.511), mutual fund shares (F.52):

i) Assets

Total liability of resident issuers less total holdings of resident holdings are compiled as residual item. The compilation is done on a security by security basis.

ii) Liabilities

Holdings by residents in foreign securities (including FDI and portfolio investment). Data are compiled on the basis of custodian reports by domestic banks and direct reports by single entities (if the holdings exceed the reporting threshold). The compilation is done on a security by security basis.

Other equity (F.512, F.513):

i) Assets

Data are derived from BOP statistics. Property of land (dwellings) by non-resident in Austria: see other equity, liabilities of nonfinancial corporations.

ii) Liabilities

Data are derived from BOP statistics. Property of land (dwellings) by Austrian households abroad: see other equity, assets of households.

8.6.6 Insurance technical reserves (F.6)

Definition and valuation – see section 8.1.5. Reinsurance claims/liabilities are not recorded within F.6. Deposits (working balance) on reinsurance claims/liabilities (net) are recorded within F.79.

i) Assets

Net equity of non-resident households in life insurance reserves (F.611): BOP/IIP data are used for estimating. Liabilities of (life) insurance corporations vis-à-vis non-resident households can be estimated from (life) insurance balance sheet and/or profit and loss accounts. Austrian insurance companies report (life) insurance premiums received from non-resident households to the FMA quarterly. The central bank uses these data to calculate the insurance service charge by applying a ratio obtained from national accounts data. The remaining amount of premiums received from non-resident households is the source for AF.611. Delimited claims would be treated in practice as a reduction in liabilities. But so far insurance corporations do not report claims under (life) insurance to FMA.

Net equity of non-resident households in pension fund reserves (F.612): These claims are not included at present, although in principle the approach for pension funds vis-à-vis non-resident households is similar to that for (life) insurance corporations. In practice, ROW claims on Austrian pension funds are negligible, and the FMA has not yet developed a database suitable for BOP purposes. The central bank is keeping this area under review.

ii) liabilities

Net equity of households in life insurance reserves (AF.611): The FMA receives yearly data about residents' (life) insurance policies with insurance companies in other EU countries, used to revise the Austrian BOP and financial accounts after about 12 months.

Net equity of households in pension fund reserves (AF.612), and prepayments of insurance premiums and reserves for outstanding claims (AF.62): no data.

8.6.7 Other accounts receivable and payable (F.7)

Definition – see section 8.1.6.

Assets/ Liabilities

Data are derived from BOP statistics. Both assets and liabilities are compiled with a breakdown for (A)F.71 and (A)F.79, though information for all items are not fully available. The distinction between foreign FDI trade credits and FDI loans ((A)F.42) is made in BOP/IIP. There are significant accounts of (A)F.79 for banknote issue/allocation; the difference between the central bank's legal banknote issue determined by the banknote allocation mechanism and the actual issue is recorded as an (A)F.79 claim on/liability to S.2.

Chapter 15. Annual financial accounts sources and methods: Poland

1. Institutional arrangements

The National Accounts Division (NAD) of Central Statistical Office (CSO) is responsible for the compilation of financial accounts on an annual basis. The methodological work is carried out by the NAD, and Deputy Director under supervision of Division's Director is involved.

Data used for compilation of financial accounts are worked out by several institutions, primarily:

- National Bank of Poland (NBP)
- Ministry of Finance (Department of State Budget, Department of Public Debt, Department of Financial Policy, Analysis and Statistics)
- Polish Securities and Exchange Commission
- Commission for Securities and Stock Exchanges
- Warsaw Stock Exchange
- Ministry of Education, etc.
- Business Statistics and Registers Division of CSO
- Services Statistics Division of CSO.

Within NAD 4 employees from Section of Financial Accounts deal with working out the data used for compilation of financial accounts. Each person is responsible for one or several sector/sub-sector.

2. Publication

The financial accounts are published in December of the year "n" and comprise data for the year "n-2" and previous years. Publication includes non-consolidated data (financial transactions, revaluation accounts, other changes in volume of assets accounts, balance sheets) by institutional sectors and sub-sectors as well as general description of each type of accounts, data sources and methods of estimation.

3. Production cycle

Usually revisions are implemented on the occasion of carrying out works on financial accounts for the next year. They are the result of adjusting the methodology to ESA 95, and revisions implemented in non-financial accounts, as well as changes in stocks in opening balance sheets of the next year in relation to stock closing balance sheets of the previous year.

4. Balancing the accounts

Some balance sheet data include a mixture of different financial instruments. In such a case we apply various methods depending on the type of instrument, degree of aggregating and possibility of obtaining additional data.

For example: In some balance sheet forms there is a line titled 'bank credits'. In the financial accounts short- and long-term credits are singled out. Data needed for separation of these

credits are derived from banking reports. In banking balance-sheet reports there are data in asset side on the volume of granted credits with the division in individual institutional sectors and even sub-sectors. Adding the values of short- and long-term credits we check if there is a difference in reporting from various sources. If so (in fact, there are nearly always differences), we apply the hierarchy of importance of data sources. In this case we find banking data more credible. However, in order not to change the general values of assets and liabilities in the balance sheet, we put the differences in transaction values between individual sources of data in sub-category F.79.

In some balance sheets there are more aggregated items, e.g. on the liability side of the balance sheet of NFCs sector there is an item 'Long-term loans, bonds and other securities'. In such cases we use available reporting referring to issue of securities by NFCs sector and derived data is subtracted from balance sheet item. Obtained residual value determines the volume of incurred loans.

5. Consolidation issues

Consolidation relies partly on direct counterpart information and partly on estimates. We carry out estimates regarding, for example, prepayments of insurance premiums and reserves for outstanding claims. As data from balance sheet of insurance companies are not sufficient to obtain counterpart information, we carried out estimates based on part of particular sectors in appropriate sort of insurance risk.

6. Plausibility checks

Data are checked if sum of assets for each instrument is equal to the sum of liabilities (for total S.1 and S.2) as well as whether consolidation on asset side is equal to that on liability side.

7. Ongoing or planned changes to FA production

None.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Sector S.11 covers all institutional units, whose basic activity is to produce goods and non-financial services, according to ESA 95.

Some assumptions have been made in classifying units to the suitable institutional sectors:

- until 1999, enterprises of natural persons with number of employees more than 5 have been included to the NFCs sector, and from 2000 - with number of employees more than 9 persons;
- until 2000, the NFCs sector comprised also part of budgetary establishments and auxiliary entities. In 2000 budgetary establishments treated as market producers were transformed into limited liability partnerships;
- until 2000 State Agencies were included in NFCs sector.

8.1.1 Currency and deposits (F.2)

i) Assets
Main data sources are: annual and quarterly financial reports of enterprises, banking statistics concerning deposits and other liabilities of MFIs to NFCs, and IIP.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Assets/ Liabilities
Main data sources are: annual and quarterly financial reports of enterprises, banking statistics concerning MFIs holdings of securities, budgetary reports, IIP.

Financial derivatives (F.34): The first insignificant transactions on financial derivatives were reported in 1996-97. In FA they were included into F.3. Only since 1998 have these transactions become more significant, but their share in the stock market has not exceeded 0.9%. The transactions on financial derivatives were also separated in FA for 1998. They contained in particular: futures, warrants, options, swaps, FRAs.

8.1.3 Loans (F.4)

Real estate mortgage is classified under AF.4 and valued at market prices of the mortgage bonds issued.

i) Assets
Main data sources are: annual and quarterly financial reports of enterprises, budgetary reports, IIP.
ii) Liabilities
Main data sources are: annual and quarterly financial reports of enterprises, banking statistics concerning MFIs loans and other claims on non-financial corporations, budgetary reports, IIP.

8.1.4 Shares and other equity (F.5)

Assets/ Liabilities
Main data sources are: annual and quarterly financial reports of enterprises, balance sheets of quoted enterprises, Warsaw Stock Exchange official bulletin (Cedula), annual Fact Book of Warsaw Stock Exchange, IIP.

8.1.5 Insurance technical reserves (F.6)

i) Assets
Main data sources are: balance sheets of insurance corporations.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities

Main data sources are: annual and quarterly financial reports of enterprises, banking statistics concerning assets and liabilities of MFIs, budgetary reports, IIP.

8.2 Financial corporations (S.12)

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Main data source: IIP.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

Assets/ Liabilities
Main data sources are: balance sheet of National Bank of Poland, banking statistics concerning deposits and other liabilities of MFIs, IIP.

8.2.1.3 Securities other than shares (F.3)

i) Assets
Main data sources are: balance sheet of National Bank of Poland, IIP.
ii) Liabilities
Main data sources are: balance sheet of National Bank of Poland, banking statistics concerning MFIs debt securities issued.

8.2.1.4 Loans (F.4)

Assets/ Liabilities
Main data sources are: balance sheet of National Bank of Poland, banking statistics concerning assets and liabilities of MFIs, IIP.

8.2.1.5 Shares and other equity (F.5)

Assets/ Liabilities
Main data source: balance sheet of National Bank of Poland, IIP.

8.2.1.6 Insurance technical reserves (F.6)

i) Assets
Main data source: balance sheets of insurance corporations.
ii) Liabilities
Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

i) Assets
Main data sources are: balance sheet of National Bank of Poland, IIP.
ii) Liabilities
Main data sources are: balance sheet of National Bank of Poland, banking statistics concerning assets and liabilities of MFIs, IIP.

8.2.2 Other MFIs (S.122)

Sub-sector S.122 covers banks and Co-operative Saving-credit Office, whose purpose of activity is to collect deposits and allowing credits to households at low interest rates.

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

Assets/ Liabilities
Main data sources are: banking statistics concerning assets and liabilities of MFIs, IIP, balance sheet of Co-operative Saving-credit Offices.

8.2.2.3 Securities other than shares (F.3)

Assets/ Liabilities
Main data sources are: banking statistics concerning assets and liabilities of MFIs, balance sheet of Co-operative Saving-credit Offices, IIP.
Financial derivatives (F.34): see section 8.1.2.

8.2.2.4 Loans (F.4)

Assets/ Liabilities
Main data sources are: banking statistics concerning assets and liabilities of MFIs, balance sheet of Co-operative Saving-credit Offices, budgetary reports, IIP.

8.2.2.5 Shares and other equity (F.5)

Assets/ Liabilities
Main data sources are: banking statistics concerning assets and liabilities of MFIs, IIP, balance sheets of quoted enterprises, Warsaw Stock Exchange official bulletin (Cedula), annual Fact Book of Warsaw Stock Exchange.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Main data source: balance sheets of insurance corporations.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Main data sources are: banking statistics concerning assets and liabilities of MFIs, balance sheet of Co-operative Saving-credit Offices, IIP.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 comprises mainly investment funds, unit trusts, corporations dealing with financial leasing, national investment funds, trust funds and brokerages.

The classification of holding companies and the delimitation with sub-sector financial auxiliaries (S.124) remains problematic, where the issue is to classify all brokerages into sub-sector S.123. Some of them conduct only servicing activity, so according to ESA 95 should be classified in S.124 sub-sector. The CSO obtains aggregated balance sheet reports, but these do not enable to select brokerages conducting investment activity on their own.

8.2.3.1 Currency and deposits (F.2)

Assets/ Liabilities
Main data sources are: aggregated balance sheet of units included in OFI sub-sector, banking statistics concerning deposits and other liabilities of MFIs to other financial intermediaries.

8.2.3.2 Securities other than shares (F.3)

Assets/ Liabilities
Main data sources are: aggregated balance sheet of units included in OFI sub-sector, banking statistics concerning MFIs holdings /issues of securities.
Financial derivatives (F.34): see section 8.1.2.

8.2.3.3 Loans (F.4)

i) Assets
Main data sources are: aggregated balance sheet of units included in OFI sub-sector.
ii) Liabilities
Main data sources are: aggregated balance sheet of units included in OFI sub-sector, banking statistics concerning MFIs loans and other claims on other financial intermediaries.

8.2.3.4 Shares and other equity (F.5)

Assets/ Liabilities
Main data sources are: aggregated balance sheet of units included in OFI sub-sector, balance sheets of quoted enterprises, Warsaw Stock Exchange official bulletin (Cedula), annual Fact Book of Warsaw Stock Exchange.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
Main data sources: balance sheets of insurance corporations.

ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Main data sources are: aggregated balance sheet of units included in OFI sub-sector.

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers all financial institutions and quasi-corporations whose basic activity is auxiliary financial activity. In particular, the following units are classified in this sub-sector: the Warsaw Stock Exchange, foreign currency exchange offices, managers of investment and unit trusts, insurance brokers, tax advisors, National Securities Depository etc. All financial auxiliaries are incorporated into the financial accounts.

The classification of holding companies and delimitation with sub-sector financial auxiliaries (S.124) remains problematic, where the issue is to classify all brokerages into sub-sector S.123. Some of them conduct only servicing activity, so according to ESA 95 should be classified in S.124 sub-sector. The CSO obtains aggregated balance sheet reports, but these do not enable to select brokerages conducting investment activity on their own.

8.2.4.1 Currency and deposits (F.2)

i) Assets
Main data sources are: aggregated balance sheet of units included in financial auxiliaries sub-sector, banking statistics concerning deposits and other liabilities of MFIs to financial auxiliaries.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

Assets/ Liabilities
Main data sources are: aggregated balance sheet of units included in financial auxiliaries sub-sector.
Financial derivatives (F.34): see section 8.1.2.

8.2.4.3 Loans (F.4)

Assets/ Liabilities
Main data sources are: aggregated balance sheet of units included in financial auxiliaries sub-sector, banking statistics concerning liabilities/assets of MFIs with financial auxiliaries.

8.2.4.4 Shares and other equity (F.5)

Assets/ Liabilities
Main data sources are: aggregated balance sheet of units included in financial auxiliaries sub-sector.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
Main data source: balance sheets of insurance corporations.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Main data source: aggregated balance sheet of units included in financial auxiliaries sub-sector.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 includes insurance corporations, managers of mutual insurance companies and Open Pension Funds.

8.2.5.1 Currency and deposits (F.2)

Assets/ Liabilities
Main data sources: balance sheet of insurance corporations, banking statistics concerning deposits and other liabilities of MFIs to insurance corporations and pension funds.

8.2.5.2 Securities other than shares (F.3)

Assets/ Liabilities
Main data sources: balance sheet of insurance corporations, Open Pension Funds, Employee Pension Funds.
Financial derivatives (F.34): see section 8.1.2.

8.2.5.3 Loans (F.4)

Assets/ Liabilities
Main data sources are: balance sheet of insurance corporations, Open Pension Funds, Employee Pension Funds.

8.2.5.4 Shares and other equity (F.5)

Assets/ Liabilities
Main data sources are: balance sheet of insurance corporations, Open Pension Funds, Employee Pension Funds, balance sheets of quoted enterprises, Warsaw Stock Exchange official bulletin (Cedula), annual Fact Book of Warsaw Stock Exchange..

8.2.4.5 Insurance technical reserves (F.6)

Assets/ Liabilities
Main data source: balance sheet of insurance corporations.

8.2.5.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Main data sources are: balance sheet of insurance corporations, Open Pension Funds, Employee Pension Funds.

8.3 General Government (S.13)

Sub-sector S.1311 covers state budget, extra-budgetary units managed by central government, special purpose funds, public universities, central institutions of culture, Polish Academy of Science and its dependant units, central health care institutions State Agencies, agricultural advisory units and from 2007 – Polish Film Institute, Polish Institute of International Affairs as well as Insurance Ombudsman.

Sub-sector S.1313 covers budget of local government entities, extra-budgetary units managed by local government, special purpose funds of local government, primary, lower secondary and secondary schools, local institutions of culture, local health care institutions.

Sub-sector S.1314 covers Social Insurance Institution and its managed funds (Demographic Reserve Fund, Social Insurance Fund), Board of Social Insurance for Farmers and its managed funds, Labour Fund and National Health Fund.

The main source of information for units belonging to general government sector is budgetary reports on the quarterly basis and annual balance sheets of units.

8.3.2 Currency and deposits (F.2)

Assets/ Liabilities
Main data sources are: quarterly and annual balance sheets of units belonging to S.13, banking statistics concerning deposits and other liabilities of MFIs to central and local government as well as social security funds.

8.3.3 Securities other than shares (F.3)

Assets/ Liabilities
Main data sources are: quarterly and annual balance sheets of units belonging to S.13, IIP, banking statistics.

8.3.4 Loans (F.4)

Assets/ Liabilities
Main data sources are: quarterly and annual balance sheets of units belonging to S.13, IIP, banking statistics.

8.3.5 Shares and other equity (F.5)

i) Assets
Main data sources are: quarterly and annual balance sheets of units belonging to S.13, state property report.
ii) Liabilities

Not applicable.

8.3.6 Insurance technical reserves (F.6)

i) Assets
Main data source: balance sheet of insurance corporations.
ii) Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Main data sources are: quarterly and annual balance sheets of units belonging to S.13.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Sector S.14 includes the natural persons conducting economic activity up to 9 persons, individual farmers.
Sector S.15 includes political parties, trade unions, churches, sport clubs, charity units, associations etc.

8.4.1 Currency and deposits (F.2)

i) Assets
Main data sources are: banking statistics concerning deposits and other liabilities of MFIs to households and NPISH.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

Assets/ Liabilities
Main data source: budgetary reports.

8.4.3 Loans (F.4)

i) Assets
Main data sources are: aggregated balance sheet of natural persons conducting economic activity up to 9 persons, budgetary reports.
ii) Liabilities
Main data sources are: banking statistics concerning MFIs loans and other claims on households and non-profit institutions serving households, budgetary reports, aggregated balance sheet of natural persons conducting economic activity up to 9 persons.

8.4.4 Shares and other equity (F.5)

Assets/ Liabilities
Main data sources are: information from counterpart sectors.

8.4.5 Insurance technical reserves (F.6)

i) Assets
Main data source: balance sheet of insurance corporations.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Main data sources are: aggregated balance sheet of natural persons conducting economic activity up to 9 persons, information from counterpart sectors.

8.5 Rest of the world (S2)

Non-resident entities are classified according to the residency approach.
Sub-sectors S.21 (European Union) and S.22 (third countries and international organisations) are not distinguished within sector S.2.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
Main data sources: IIP.
ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

Assets/ Liabilities
Main data sources are: IIP, banking statistics concerning deposits and other liabilities of MFIs.

8.6.3 Securities other than shares (F.3)

Assets/ Liabilities
Main data sources are: IIP, banking statistics concerning MFIs holdings of securities and MFIs debt securities issued, budgetary reports.
Financial derivatives (F.34): see section 8.1.2.

8.6.4 Loans (F.4)

Assets/ Liabilities
Main data sources are: IIP, banking statistics, budgetary reports.

8.6.5 Shares and other equity (F.5)

Assets/ Liabilities
Main data sources: IIP.

8.6.6 Insurance technical reserves (F.6)

i) Assets
Main data source: balance sheet of insurance corporations.
ii) Liabilities
Not applicable.

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Main data sources are: IIP, banking statistics, budgetary reports.

Chapter 16. Annual financial accounts sources and methods: Portugal

1. Institutional arrangements

Banco de Portugal is responsible for the compilation of Financial Accounts on an annual and a quarterly basis. Financial Accounts are compiled in the National Financial Accounts and Securities Statistics Division of the Statistics Department, where a staff of six people[22] (including heads) are assigned to that function. Each institutional sector is compiled by one/two persons who are responsible for the compilation of the sector, dealing with all the aspects, namely collection of primary data, methodological issues and analysis.

The preparation of the Portuguese national accounts is a shared task between Statistics Portugal (INE), responsible for the compilation of the Non-Financial Accounts, and Banco de Portugal, which is responsible for the compilation of the Financial Accounts. The objective commonly accepted by both institutions when sharing responsibilities in this area in 1998 was to further develop the process for the preparation of national accounts and to ensure their improved quality and swifter availability, since each institution had specific advantages namely related with the collection of basic data.

2. Publication

The annual financial accounts are published with a time lag of t+5 months after the reference period in the Statistical Bulletin of Banco de Portugal (i.e. in May of the following year) and in the *BP stat* – statistics online, the online database for statistical dissemination generally used by Banco de Portugal.

Publication title: Chapter F – "National Financial Accounts" of the Statistical Bulletin
Internet addresses: http://www.bportugal.pt/stats/html/be_indf_e.htm.

The variables that can be observed in this publication of Financial Accounts are the following: reference period; transactions; positions, consolidated values; institutional sector; and financial instrument. Available information covers:

- Annual time series, transactions and positions since 1995;
- Quarterly time series, transactions since 1998 and positions since 1997;
- Multidimensional tables, transactions since 1998 and positions since 1997.

More information about the methodology and some results can be found in the Supplements to the Statistical Bulletin:

- 2/2005- National Financial Accounts for the Portuguese Economy. Methodological Notes and Statistical Results for 2000-2004.
- 3/2005 - National Financial Accounts for the Portuguese Economy. Statistics on Financial Assets and Liabilities for 1999 – 2004.

[22] As at June 2009.

3. Production cycle

The Portuguese Financial Accounts are produced on a quarterly basis and annual accounts are the mere aggregation of the former, ensuring perfect consistency between them. Quarterly Financial Accounts are disseminated with a lag of 110 days after the reference period, except for the forth quarter, which coincides with the release of annual data. Financial Accounts incorporate, with an annual frequency, the revisions introduced in primary statistics. The main annual revision is carried out during March/April of the following year and is disclosed to the public and to international organisations in May. Some further revisions may also be incorporated in September/October due to changes related with the EDP notification. This updated version is disclosed to the public and to international organisations in October.

4. Balancing the accounts

The compilation of the Financial Accounts is an iterative process, where the different blocks of data are conditioned and corrected by the others during the successive stages. Depending on the sector, transactions are estimated using changes in stocks with some additional adjustments (basically for the data of financial corporations) or harmonised transactions and stocks are collected from direct sources (this is the case of BOP and IIP statistics).

Additionally, as there are several sources of data and the alternative sources may present different values for the same operation, the definition of a hierarchy of sources was needed. For instance, the BOP and the IIP are the first priority as they define the net lending / net borrowing of the Portuguese economy vis-à-vis the ROW. Secondly, for the sectors that have an important set of primary information (namely the financial sector) their own information is preferable to the data obtained from the counterpart sectors. Finally, a hierarchy is also established within the same sector, for example, at the level of the financial sector, the direct information from the Central Bank is ranked higher than counterpart information from other sectors vis-à-vis the Central Bank.

Usually the Statistics Portugal and the Banco de Portugal compile a first version of each set of accounts separately. After discussion between the two institutions, the remaining discrepancies are reduced and allocated in instrument AF.79 (in what concerns the Financial Accounts). The sources for discrepancies are, basically, divergences in sectors' delimitation, timing differences and diversity of data sources.

5. Consolidation issues

Banco de Portugal compiles both consolidated and non-consolidated Financial Accounts. Data are consolidated at the level of sub-sectors and then at the level of sectors. To consolidate the accounts, the following general procedures are performed: data from one side of the accounts, vis-à-vis the same sector, are used to replace the data from the other side of the accounts. With some exceptions depending on the instruments/ sectors, data from the liability side replace data belonging to the asset side and differences that arise from this replacement are included in item "Other accounts receivable/ payable - other". Not all instruments/sectors are consolidated, depending on the availability of counterpart data or of reliable estimates.

6. Plausibility checks

Several data consistency checks are performed, for instance:

- Horizontal consistency – Transactions (for all instruments (except F.1): Assets, sum of relevant sectors=Liabilities, sum of relevant sectors);

- Vertical consistency – Transactions (for all sectors: B.9F=Assets, sum of relevant instruments – Liabilities, sum of relevant instruments).

The large transactions are monitored and revisions are also carefully evaluated.

7. Ongoing or planned changes to FA production

The Portuguese Financial Accounts will apply the revised ESA in the coming years.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Portuguese NFCs sector follows, in general terms, the ESA 95 definition.

8.1.1 Currency and deposits (F.2)

i) Assets
Currency (F.21): Total amount of national currency held by the Non-financial private sector is split between NFCs and Households according to their outstanding amounts of transferable deposits in domestic banks.
Deposits (F.22 + F.29): Counterpart data – Financial corporations, General government and ROW.
Available for: Transferable deposits (F.22); and Other deposits (F.29).

ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

i) Assets
Securities other than shares, excluding financial derivatives (F.33): Counterpart data – NFCs (liabilities), financial corporations, General government and ROW.
Available for: Short-term securities other than shares, excluding financial derivatives (F.331); and Long-term securities other than shares, excluding financial derivatives (F.332).
Financial derivatives (F.34): Counterpart data – Financial corporations and ROW (net compilation).

ii) Liabilities
Securities other than shares, excluding financial derivatives (F.33): Securities issues statistics are used as a priority source for the flows and outstanding amounts of the principal and a

security-by-security database allows the compilations of accrued interest. This instrument is valued at market price, including accrued interest.
The counterpart breakdown of securities liabilities is available since the end of 2006 and is obtained from the assets of the financial corporations, General government and ROW; Securities statistics (securities holdings component) allow the breakdown between NFCs and Households.
Available for: Short-term securities other than shares, excluding financial derivatives (F.331); and Long-term securities other than shares, excluding financial derivatives (F.332).
Financial derivatives (F.34): Counterpart data – Financial corporations.

8.1.3 Loans (F.4)

Estimations are performed for inter-company loans granted by NFCs to other resident NFCs and loans between resident NFCs and resident Households based on balance-sheet data. Given that accounting data is used, the procedure covers only loans between affiliated NFCs and Households with a link to the enterprise. These estimations are compiled using IES (Simplified Corporate Information): an electronic submission that merges information of accounting, fiscal and statistical natures that all Portuguese corporations have to remit, respectively, to the Ministry of Justice, Ministry of Finance, Statistics Portugal and Banco de Portugal; the data are shared among these entities and coverage is close to 100%. Data are available since end-2006. Before 2006, estimations were performed based on a sample of enterprises from Central Balance Sheet Database. Quarterly estimations are performed based on a quarterly survey for a sample of corporations.
There is no information on loans between NFCs and Households without a link to the enterprise.

i) Assets
Counterpart data – Financial corporations and ROW (includes inter-company cross border loans), and estimation for loans between resident NFCs and between resident NFCs and resident Households.
Available for: Short-term loans (F.41); and Long-term loans (F.42).

ii) Liabilities
Counterpart data – Financial corporations, General government and ROW (includes inter-company cross border loans), and estimation for loans between resident NFCs and between resident NFCs and resident Households.
Available for: Short-term loans (F.41); and Long-term loans (F.42).

8.1.4 Shares and other equity (F.5)

Valuation methods:
- Quoted shares, excluding mutual funds shares (F.511) – market price.
- Unquoted shares, excluding mutual funds shares (F.512) – own funds at book value (as an estimation of market price).
- Other equity (F.513) – own funds at book value (as an estimation of market price).
- Mutual funds shares (F.52) – market price.

i) Assets
Counterpart data – NFCs (in the liabilities), financial corporations and ROW.

Available for: Quoted shares, excluding mutual funds shares (F.511); Unquoted shares, excluding mutual funds shares (F.512); Other equity (F.513); and Mutual funds shares (F.52).

ii) Liabilities
Quoted shares, excluding mutual funds shares (F.511): Securities issues statistics are used as a priority source for the flows and outstanding amounts. The counterpart breakdown of securities liabilities is available since the end of 2006 and it is obtained from the assets of the financial corporations, General government and ROW; Securities statistics (securities holdings component) allow the breakdown between NFCs and Households.
Unquoted shares, excluding mutual funds shares (F.512) and Other equity (F.513): Annual data for own funds of NFCs is compiled using Simplified Corporate Information. Before 2006, estimations were performed based on a sample of enterprises from Central Balance Sheet Database.
Quarterly estimations are performed based on Securities issues statistics and GDP data. The counterpart breakdown of securities liabilities is available since end of 2006 and is obtained in the assets of the financial corporations, General government and ROW; Securities statistics (securities holdings component) and Simplified Corporate Information allow the estimation of the breakdown between NFCs and Households.

Mutual funds shares (F.52): not applicable.

8.1.5 Insurance technical reserves (F.6)

i) Assets
Net equity of households in life insurance reserves and in pension funds reserves (F.61): not applicable.
Prepayments of insurance premiums and reserves for outstanding claims (F.62): Counterpart data – Financial corporations.

ii) Liabilities
Net equity of households in life insurance reserves (F.611): not applicable.
Net equity of households in pension funds reserves (F.612): Simplified Corporate Information for annual data (since 2006). Before 2006, estimations were performed based on Central Balance Sheet Database. Quarterly estimations are performed based on a quarterly survey to Non-financial corporations.
Prepayments of insurance premiums and reserves for outstanding claims (F.62): not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Trade credits and advances (F.71): Simplified Corporate Information for annual data (since 2006). Before 2006, estimations were performed based on Central Balance Sheet Database.
Quarterly estimations are performed based on a quarterly survey to NFCs.
The counterpart breakdown of Trade credits and advances assets/ liabilities is obtained from the liabilities/ assets of the Financial corporations, General government and ROW; Credit Register Information allows the estimation of the breakdown between NFCs and Households.

Other accounts receivable/payable, excluding trade credits and advances (F.79): Counterpart data – Financial corporations, General government, Households and ROW (includes the

majority of Errors and omissions of the BOP), estimations based on Simplified Corporate Information (for annual data, since 2006. Before 2006, estimations were performed based on Central Balance Sheet Database. Quarterly estimations are performed based on a quarterly survey to NFCs) and adjustments for non-financial accounts. The counterpart breakdown is not fully available.

8.2 Financial corporations (S.12)

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank and the source for all the financial instruments assets and liabilities is the respective balance sheet.

8.2.2 Other monetary financial institutions (S.122)

Sub-sector S.122 (OMFIs) covers banks, mutual agricultural credit banks, savings banks and money market funds. The main source of data is the Money and Banking Statistics (MBS) which are based on the aggregated balance sheets of these institutions in line with ECB Regulations. For the operations vis-à-vis non-residents, counterpart information from BOP and IIP is also used. Accrued interest is calculated based on the Securities Statistics (SS) database.

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

i) Assets
The main source is MBS. Counterpart information is used for operations with Banco de Portugal (namely, balance sheets of the Central Bank) and also for operations with non-residents (ROW counterpart information is used for the total of currency, deposits and loans, but the structure for split the total between these instruments is based on MBS).

ii) Liabilities
The same methodology as assets applies.

8.2.2.3 Securities other than shares (F.3)

i) Assets
The main source is MBS. Accrued interest is added to this data and it is calculated based on securities statistics. Counterpart data are used for operations with the Central Bank and with ROW.

ii) Liabilities
The source is the securities statistics (which uses market value). Accrued interest is added and the source is also the securities statistics. To obtain the breakdown by holding sector, counterpart information is used for financial corporations and for the ROW, while for the remaining sectors the MBS are used; securities statistics are used to estimate the breakdown between the non-financial sector and households.

8.2.2.4 Loans (F.4)

Assets/ Liabilities
Same methodology as currency and deposits (F.2) applies. Please see item 8.2.2.2.

8.2.2.5 Shares and other equity (F.5)

i) Assets
The main source is MBS. However, there are adjustments by holding sector for the difference between the market value and the accounting value (own funds). Counterpart information is used for operations with Central Bank and with ROW.

ii) Liabilities
Quoted shares are compiled by using securities statistics and are valued at market value. Unquoted shares and other participations are compiled by using MBS and valued at fair value.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Counterpart information from Insurance corporations and pension funds (S.125) sector is used.

ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

The source is MBS. The items ”remaining assets” and “remaining liabilities” from the OMFIs’ balance sheet are used as source for AF.7. Counterpart information is available only for ‘income to be received’, used for operations with the Central Bank and with the ROW.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Currently the composition of the sector follows closely the group of entities under the supervision of the Banco de Portugal, plus investment funds. Additionally, some major financial holding companies non-supervised by the Portuguese central bank, namely from the insurance and pension fund sector, are included.

Sub-sector S.123 covers: financial leasing companies, credit purchase-financing companies, credit card issuing or managing companies, factoring companies, dealers, financial holding companies, investment companies, regional development companies, securitization companies, securitization funds and investment funds and financial credit institutions. Risk capital companies were included within the financial intermediaries only until 2002.

8.2.3.1 Currency and deposits (F.2)

i) Assets
For currency (F.21) holdings the direct balance sheet information of this group of institutions is used. Regarding deposits (F.22+F.29), counterpart information received from the central bank, OMFI and ROW sectors is employed.

ii) Liabilities

Not applicable.

8.2.3.2 Securities other than shares (F.3)

i) Assets

Securities other than shares are computed from base balance sheet information complemented with data from the ROW sector, with the exception of financial derivatives which are the result of counterpart data. Accrued interest is added and the source is the securities statistics.

ii) Liabilities

Liabilities for securities other then shares are the result of information obtained from the Portuguese centralised securities database. Its sectorisation results from counterpart information. Accrued interest is added and the source is the securities statistics.

8.2.3.3 Loans (F.4)

i) Assets

For loans direct information from these institutions' balance sheets is used. The sectorisation of the total amount is obtained through the use of counterpart data.

ii) Liabilities

Loans' liabilities are the result of counterpart data.

8.2.3.4 Shares and other equity (F.5)

i) Assets

Balance sheet information provides first level data. This is then complemented with data from the national centralised securities database, and with the result from the statistics of the ROW.

ii) Liabilities

Balance sheet information, together with data from the Portuguese centralised securities database are used to compute total amounts. Its sectorisation is then obtained through counterpart information.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets

The asset amounts for insurance technical reserves of OFI are obtained through counterpart information.

ii) Liabilities

Information is based on balance sheet data. However, there are no non-autonomous funds.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities

Result of counterpart information as well as adjustments needed to balance the accounts.

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers brokers, exchange offices, foreign-exchange and money-market mediating companies, group-purchase managing companies, investment funds managing companies, pension funds managing companies, wealth managing companies, etc.

Financial auxiliaries supervised by Banco de Portugal are fully incorporated into the Accounts – balance sheet data are available for all types of financial auxiliaries, although in many cases the detail by instrument necessary to the Accounts has to be estimated. Data from the Pension fund management companies are also included. The supervisory body of the insurance companies and pension funds is also considered. The remaining auxiliaries are not incorporated.

8.2.3.1 Currency and deposits (F.2)

i) Assets

For currency (F.21) holdings the direct balance sheet information of this group of institutions is used.

Regarding deposits (F.22+F.29) the counterpart information received from the Central Bank, Other Monetary Financial Institutions (OMFI) and from the ROW sectors is employed.

ii) Liabilities

Not applicable.

8.2.3.2 Securities other than shares (F.3)

i) Assets

Securities other than shares are computed from base balance sheet information complemented with data from the ROW sector, with the exception of derivatives which are the result of counterpart data.

ii) Liabilities

Liabilities for securities other then shares are the result of information provided from the Portuguese centralised securities database. Its sectorisation results from counterpart information.

8.2.3.3 Loans (F.4)

i) Assets

For loans direct information from these institutions balance sheets is used. The sectorisation of the total amount is obtained through the use of counterpart data.

ii) Liabilities

Loans' liabilities are the result of counterpart data.

8.2.3.4 Shares and other equity (F.5)

i) Assets

Balance sheet information provides first level data. This is then complemented with data from the national centralised securities database, and with the result from the statistics of the rest of the world.

ii) Liabilities

Balance sheet information, together with data from the Portuguese centralised securities database are used to compute total amounts. Its sectorisation is then obtained through counterpart information.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets

Obtained through counterpart information.

ii) Liabilities

Information is based on balance sheet data.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities

This is the closing instrument therefore it is the result of counterpart information as well as adjustments needed to balance base information of the sector.

8.2.5 Insurance corporations and pension funds (S.125)

The sub-sector covers insurance corporations and pension funds. The main source is the balance sheet data provided by "Instituto de Seguros de Portugal" (ISP), the Portuguese Insurance and Pension Funds Supervisory Authority, on a home-basis approach.

For insurance corporations quarterly data is provided only for representative assets and insurance technical reserves, which accounts for more than 90% of the total balance sheet. Regarding pension funds asset data is provided quarterly and liabilities are only available on a yearly basis.

Therefore some estimation is needed to complete the picture of the sector. Other internal sources are used, namely the Portuguese centralised securities database, together with some estimation for intra-year figures that depart from the partial reported data to get the complete amount.

As the Financial Accounts should be based on host-basis approach initial data, reported on a home basis, has to be extrapolated. The Portuguese central bank receives, on an annual basis the balance sheet of the sector on a host approach from the national association of the sector. The ratio between these figures and the ones provided by the supervisory body, at the instrument level, is used on the grossing up process.

8.2.5.1 Currency and deposits (F.2)

i) Assets

Regarding deposits (F.22+F.29) the counterpart information received from the central bank, Other Monetary Financial Institutions (OMFI) and from the ROW sectors is employed.

ii) Liabilities

Not applicable.

8.2.5.2 Securities other than shares (F.3)

i) Assets

Information on holdings of securities other than shares is obtained using internal sources. The Portuguese centralised securities database is the main source which is then complemented by information from the ROW sector.

ii) Liabilities

Total amounts are computed from securities statistics. Afterwards, the sectorisation is obtained using counterpart information and a sector structure is also provided by the securities statistics.

8.2.5.3 Loans (F.4)

i) Assets

Information is obtained from balance sheet and counterpart data.

ii) Liabilities

Information is obtained from counterpart data.

8.2.5.4 Shares and other equity (F.5)

i) Assets

Information is obtained from the Portuguese centralised securities database which is then complemented with data from the ROW sector.

Sectorisation is obtained through counterpart information and a sector structure provided by the national centralised securities database.

Some information, related with money market funds, is provided by the OMFI balance sheet statistics.

ii) Liabilities

Total amount is provided by balance sheet data. The Portuguese centralised securities database provides information on quoted enterprises. This is then sectorised according to counterpart information.

8.2.5.5 Insurance technical reserves (F.6)

i) Assets

Balance sheet information for the sector is available with counterpart data.

ii) Liabilities

Life insurance technical reserves: For insurance companies direct information from the balance sheet is available. For pension funds only annual data on insurance technical reserves is provided. Therefore for the remaining quarters data have to be estimated. The current assumption is to apply the same growth rate as the one verified in the same quarter of the previous year until a new year is provided; at that moment the first estimate is replaced by a new one equal to a linear interpolation of the known figures.

Non-life insurance technical reserves: No sector counterpart is provided for non-life insurance technical reserves; to overcome this limitation, we use the structure provided by Statistics Portugal for non-life insurance premiums to breakdown the stock of non-life insurance technical reserves.

8.2.5.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
It is the result of either counterpart information as well as adjustments needed to balance base information of the sector.

8.3 General Government (S.13)

Portuguese General Government sector is composed by three sub-sectors: Central Government (S.1311); Local Government (S.1313) and Social Security Funds (S.1314).
The Central government (S.1311) covers the State and the Autonomous Funds and Services.
The Local government (S.1313) comprises the bodies of local and regional power (Autonomous Regions, Municipalities and other Local Authorities).
The Social Security Funds (S.1314) includes the institutional units, both central and local, that have as main activity the distribution of social benefits and that are financed by obligatory social contributions paid by other entities.

8.3.2 Currency and deposits (F.2)

i) Assets
Money and banking statistics (MBS) are mainly used as an indirect source for transactions and positions vis-à-vis MFIs. Deposits between central government sub-sector and other general government sub-sectors (or other resident sectors) are obtained from Directorate General for the Treasury and Finance – DGTF ("Direcção Geral do Tesouro e Finanças" .

ii) Liabilities
Deposits between central government sub-sector and other general government sub-sectors (or other resident sectors) are obtained from DGTF .

8.3.3 Securities other than shares (F.3)

Data on debt securities are based on Securities Statistics (securities issues component), whose main source for General Government is the Instituto de Gestão do Crédito Público (IGCP) – the public debt management institute.

i) Assets
Data of Securities Statistics are used for the resident sector and data of BoP are used for the non-resident sector. These data are also cross-checked with direct sources and, in some cases (especially for data reported from units of the social security funds sub-sector), the direct sources are used.

ii) Liabilities
Securities issues statistics are used as a priority source. Accrued interest is obtained from the Instituto de Gestão do Crédito Público. The counterpart sector breakdown of securities liabilities is based on data from Money and banking statistics, BoP and Securities Statistics (securities holdings component).

8.3.4 Loans (F.4)

i) Assets
Information on assets is obtained from DGTF.

ii) Liabilities
Information on liabilities is obtained from DGTF and from Money and Banking Statistics.

8.3.5 Shares and other equity (F.5)

The instrument "Shares and other equity" for Central Government sub-sector is divided into quoted shares, unquoted shares, and other equity. In this case, it is considered the market valuation, under the own funds´ approach, as recommended by ESA 95. The same procedure was developed for the data regarding the Autonomous Regions included in the Local Government. For the remaining entities included in the Local Government and for Social Security Funds, the same procedure is being developed. However it is not possible to have this distinction yet due to restrictions in the information available. Therefore, for these sub-sectors nominal valuation of Shares and other equity is applicable.

i) Assets
Sources of information used to value Shares and other equity are, for the Central Government sub-sector:
- Quoted shares – Directly form the stock market;
- Unquoted shares – Balance sheets (simplified enterprise information)
- Other equity - Balance sheets (simplified enterprise information).

For other sub-sectors, direct sources and Social Security portfolio are used for the resident sector (and also to make cross-checks with the BOP data). Instituto de Gestão Financeira da Segurança Social (IGFSS) balance sheets and Caixa Geral de Aposentações (CGA) (Public Organisms related to Social Security) provide information on securities holdings vis-á-vis the resident sector.

ii) Liabilities
Not applicable.

8.3.6 Insurance technical reserves (F.6)

i) Assets
Data source for this instrument comes from "Instituto de Seguros de Portugal" (ISP), the Portuguese Insurance and Pension Funds Supervisory Authority.

ii) Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Data are based on information collected from the Monthly Bulletin published by the central government (namely, the "Direcção-Geral do Orçamento" or Budget General Directorate) and, also, on direct sources of the Statistics Portugal (INE) on the basis of the close cooperation between INE and BP. Both assets and liabilities are compiled with breakdowns for (A)F.71 and (A)F.79. Information both for stocks and transactions for (A)F.71 and (A)F.79 are available. Instrument (A)F.79 includes B.9/B.9F adjustment.

i) Assets
Figures are mainly related with the time-adjusted cash method reflecting timing differences (F.79). Data sources are published by the Budget General Directorate on a monthly basis.

ii) Liabilities
Several items are involved such as arrears related with the payment of goods and services, particularly for health (Central Government). Those figures are mostly provided by INE and are used for compiling the non-financial accounts.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Portuguese Households sector comprises Families, Employers and own account workers (corresponding to ESA 95 S.14) and Non-profit institutions serving households (corresponding to ESA 95 S.15). The distinction between Households and NPISH is not considered in the accounts.

8.4.1 Currency and deposits (F.2)

i) Assets
Currency (F.21): Total amount of national currency held by the Non-financial private sector is split between NFCs and Households according to their outstanding amounts of transferable deposits in domestic banks.
Deposits (F.22 + F.29): Counterpart data – Financial corporations, General government and ROW.
Available for: Transferable deposits (F.22); and Other deposits (F.29).

ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

i) Assets
Securities other than shares, excluding financial derivatives (F.33): Counterpart data – NFCs, Financial corporations, General government and ROW.
Available for: Short-term securities other than shares, excluding financial derivatives (F.331); and Long-term securities other than shares, excluding financial derivatives (F.332).
Financial derivatives (F.34): Counterpart data – Financial corporations and ROW, net compilation.

ii) Liabilities
Securities other than shares, excluding financial derivatives (F.33): Not applicable, for the time being.
Financial derivatives (F.34): Counterpart data – Financial corporations.

8.4.3 Loans (F.4)

Assets/ Liabilities
There is no information available on loans between resident Households.
Counterpart data – Non-financial corporations, financial corporations, General government and ROW.
Available for: Short-term loans (F.41); and Long-term loans (F.42).

8.4.4 Shares and other equity (F.5)

Valuation methods:
- Quoted shares, excluding mutual funds shares (F.511) – market price.
- Unquoted shares, excluding mutual funds shares (F.512) – own funds at book value (as an estimation of market price).
- Other equity (F.513) – own funds at book value (as an estimation of market price).
- Mutual funds shares (F.52) – market price.

i) Assets
Counterpart data – Non-financial corporations, financial corporations and ROW.
Available for: Quoted shares, excluding mutual funds shares (F.511); Unquoted shares, excluding mutual funds shares (F.512); Other equity (F.513); and Mutual funds shares (F.52).

ii) Liabilities
Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets
Counterpart data – NFCs and financial corporations.
Available for: Net equity of households in life insurance reserves (AF.611); Net equity of households in pension fund reserves (AF.612); and Prepayments of insurance premiums and reserves for outstanding claims (AF.62).

ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Trade credits and advances (F.71): Counterpart data – NFCs, Financial corporations, General government and ROW, and estimation for Trade credits and advances between Households (based on Credit Register Information).

Other accounts receivable/payable, excluding trade credits and advances (F.79): Counterpart data – NFCs, Financial corporations, General government and ROW (includes a small part of Errors and omissions of the Balance of Payments) and adjustments to the non-financial accounts. The counterpart breakdown is not fully available.

8.5 Rest of the world (S2)

Non-resident entities are classified according to the residency approach.
Sub-sectors European Union (S.21) and Third countries and international organisations (S.22) are not distinguished within ROW sector.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
Flows: BOP Financial Account (reserve assets). By convention, it is shown with the opposite sign.
Stocks: Not applicable (in accordance with ESA 95). Nevertheless, IIP data are used to compile assets of the resident Central Bank.

ii) Liabilities
Not applicable (in accordance with ESA 95).

8.6.2 Currency and deposits (F.2)

i) Assets
Currency (F.21): Not applicable.
Deposits (F.22 + F.29): BOP Financial Account and IIP data (Other investment and Reserve assets). The breakdown for deposits and loans for MFIs is based on Money and Banking Statistics.
The counterpart breakdown is available for Transferable deposits (F.22); and Other deposits (F.29).

ii) Liabilities
Currency (F.21): BOP Financial Account and IIP data (Other investment, namely estimations in the context of the item Travel).
Deposits (F.22 + F.29): BOP Financial Account and IIP data (Other investment and Reserve assets).
The counterpart breakdown is available for Transferable deposits (F.22); and Other deposits (F.29).

8.6.3 Securities other than shares (F.3)

Assets/ Liabilities
BOP Financial Account and IIP data (Portfolio investment, Financial derivatives and Reserve assets).
The counterpart breakdown is available for: Short-term securities other than shares, excluding financial derivatives (F.331); and Long-term securities other than shares, excluding financial derivatives (F.332), and Financial derivatives (F.34) (on liabilities side, net compilation).

8.6.4 Loans (F.4)

Assets/ Liabilities
BOP Financial Account and IIP data (Direct investment and Other investment), with some estimation based on Money and Banking Statistics concerning the breakdown on assets side between deposits and loans for MFIs.
The counterpart breakdown is available for Short-term loans (F.41); and Long-term loans (F.42).

8.6.5 Shares and other equity (F.5)

Assets/ Liabilities
BOP Financial Account and IIP data (Direct investment and Portfolio investment).
The counterpart breakdown is available for: Quoted shares, excluding mutual funds shares (F.511); Unquoted shares, excluding mutual funds shares (F.512); Other equity (F.513); and Mutual funds shares (F.52).

8.6.6 Insurance technical reserves (F.6)

Assets/ Liabilities
Net equity of households in life insurance reserves and in pension funds reserves (F.61): No data at present - assumed to be insignificant.
Prepayments of insurance premiums and reserves for outstanding claims (F.62): Counterpart data – Financial corporations.

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Trade credits and advances (F.71): BOP Financial Account and IIP data (Other investment).The counterpart breakdown is available.

Other accounts receivable/payable, excluding trade credits and advances (F.79): BOP Financial Account and IIP data (Other investment and Reserve assets), Errors and omissions of Balance of Payments (on liabilities side), and Counterpart data (General government) for an adjustment concerning cash accruals on EU grants (assets or liabilities). The counterpart breakdown is available.

Chapter 17. Annual financial accounts sources and methods: Romania

1. Institutional arrangements

Since 1993, the National Bank of Romania (NBR) has been responsible for the compilation of the national financial accounts. For the time being, there is a special division for monetary and financial statistics within the Statistics Department, six persons of this division being involved in the financial accounts compilation. The financial accounts are produced on the basis of different data sources, in close co-operation with the National Institute of Statistics (NIS), which is responsible for the compilation of the national non-financial accounts, as well as with other institutions like the Ministry of Economy and Finance (MEF), the Insurance Supervision Commission, the National Securities Commission, the Commission for the Supervision of Private Pensions Systems, etc.

2. Publication

The NBR issues yearly the "Financial Accounts" publication, on its website and in hard copy, in both Romanian and English. The published data could be subject to periodical revision; the methodological notes for compiling financial accounts are also included in the publication. Transaction accounts, revaluation accounts and balance sheets are compiled and published for eleven resident sectors (five financial sectors and six non-financial sectors) and for the rest of the world.

Romania has been granted a derogation under Regulation (EC) No 1392/2007 of the European Parliament and of the Council of 13 November 2007 amending Council Regulation (EC) No 2223/96 with respect to the transmission of national accounts data, according to which data for 1995-1997 are not to be transmitted.

3. Production cycle

The production cycle of the financial accounts generally starts in April-May, due to the following:

- most direct sources for General Government sector are available soon after the April EDP Notification;
- data on monetary financial institutions are final during March-April for the end of previous year, allowing both the compilation of the financial accounts for Other Monetary Financial Institutions and Central Bank sectors and the refining of counterpart information for GG sector;
- first release of data on BoP and IIP in March allows the compilation of the Rest of the world financial account, the reconciliation with sub-sector data of Other Monetary Financial Institutions and Central Bank, and the refining of counterpart information for GG sector.

In the second half of the year (end of June-beginning of September) balance sheet data become available and financial accounts are compiled for OFIs, financial auxiliaries, NFCs and ICPFs. The production cycle is closed in September and is carried out together with the second EDP Notification, which allows for consistency between the two sets of data.

4. Balancing the accounts

For each sector and each financial instrument, the stock/flow consistency is achieved by construction, since the variation of stocks equals transactions plus revaluation. The accounts are built on who-to-whom basis, each sector providing counterpart information for the other sectors. In order to obtain a balanced system, a reconciliation process is carried out. For this purpose a hierarchy of the sectors is set up based on the data sources reliability: the most trustful sector's data are imposed to the counterpart sectors.

Statistical discrepancies between capital and financial accounts are made explicit and shown in the accounts. The discrepancies are monitored and the national accounts compilers from both involved institutions (NBR and NSI) are looking for their diminution.

5. Consolidation issues

Data are consolidated by sector and sub-sector, by eliminating the transactions or stocks between the units. Particular attention is paid to the consolidation of General Government sector, as described below.

- intra-sub-sector consolidation: at central government level the reciprocal operations between its institutional units (including public institutions deposits with and loans granted by the State Treasury) are consolidated. Loans granted by local authorities to town or villages mayor's offices are consolidated;
- inter-sub-sector consolidation: at Government sector level the reciprocal operations (stocks and flows) between the units of its sub-sectors (central government, local government and social security funds, including local authorities and social security units' deposits with and loans granted by the State Treasury) are consolidated.

6. Plausibility checks

Before the data are released a large number of checks are performed:

- the whole system has to be balanced;
- consistency checks between stocks and flows;
- economic meaning of the balancing items;
- discrepancies with the economic accounts (when possible).

7. Ongoing or planned changes to FA production

Starting with 2008, the financial accounts benefit from the availability of three new sets of statistical data:

- the new reporting of the financial corporations engaged in lending and that of the investment funds provide more accurate and timely data for the financial accounts of OFIs sector (S.123);
- data from the management companies of the pension funds included in the second pillar, set up in 2008, contribute to the full coverage of the ICPF sector (S.125).

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

Sector S.11 includes private corporations that provide goods and non-financial market services, public enterprises that are market producers, quasi-corporations, national companies such as the Romanian Railways (SNCFR) and the Romanian Airlines (TAROM).

8.1.1 Currency and deposits (F.2)

i) Assets
Data are provided by MFIs' balance sheets, non-financial institutions balance sheets and external sector.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Assets/ Liabilities
Data are provided by non-financial institutions balance sheets and external sector.
Financial derivatives (F.34) are not covered for this sector.

8.1.3 Loans (F.4)

i) Assets
Data are provided by non-financial institutions balance sheets.
ii) *Liabilities*
Data are provided by non-financial institutions balance sheets and checked with MFIs' balance sheets and BOP.

Source for inter-company loans granted by NFCs to other resident NFCs is mainly balance sheet data.
Additional estimations are made because:
- this sector balance sheets show loan liabilities without distinguishing between borrowings from other S.11 enterprises and borrowings from OFIs (S.123). The latter are deducted using counterpart information leaving S.11->S.11 loans as a residual.
- loans between non-affiliated NFCs are partly covered. The detailed NFCs' balance sheet form includes "loans payable to affiliated enterprises" on the asset side and "loans receivable from the affiliated enterprises" on the liability side. The difference between domestic NFCs' total loans and "loans granted to affiliated enterprises" gives an estimate of loans between non-affiliated NFCs.

Loans granted by NFCs to other sectors: there is no information on instalment loans by retailers to customers, because leading retailers in Romania work with financial corporations engaged in lending, so such loans will probably be recorded as lending by S.123. There is no information on other loans made by NFCs to other sectors.

The source for inter-company cross-border loans granted by or to NFCs is the BOP. No additional estimations are made. Distinction is made between euro area and other non-resident counterparts.

8.1.4 Shares and other equity (F.5)

i) Assets
Data are provided by non-financial institutions balance sheets.
ii) *Liabilities*
Data are provided by NFCs' balance sheets and Trade Register data.

Unquoted shares (F.512): Legal forms of issuing entities are Joint–stock companies and limited partnership by shares. Distinction with quoted shares is based on quotation of share price, while distinction with other equity is based on negotiability. Data source is quarterly and covers 95% of total population. Holdings of unquoted shares by sector: resident non-financial sector holdings are calculated as residual. Valuation is made using own funds (capital + reserves + undistributed profit) at book value. Reference to the value of quoted shares is applied.

Other equity (F.513): There is a legal form of incorporated partnership (unlimited partners); limited liability company (owners are partners); ordinary or limited partnership; co-operative society; special legislation for public enterprises. Data source is quarterly and covers 95% of total population. Holdings of Other equity by sector: resident non-financial sector holdings are calculated as residual. Own funds at book value is used as valuation method.

8.1.5 Insurance technical reserves (F.6)

i) Assets
Data are provided by insurance corporations and pension funds sector.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Data on both assets and liabilities are from NFCs' balance sheets and government sources. They are compiled with a breakdown for (A)F.71 and (A)F.79. Only Information on stocks for (A)F.71 and (A)F.79 are available. Data are obtained from a mixture of sector source and estimations (part–based on fuller information from large corporations). It is not possible to distinguish (A)F.71 agreed between S.11 and S.14 from (A)F.71 within S.14. The distinction between foreign trade credit and inward/outward FDI loans ((A)F.42) is made in BOP/IIP statistics. (A)F.79 excludes the B9/B9f adjustment.

8.2 Financial corporations (S.12)

Romanian annual financial accounts statistics covers all sectors and sub-sectors classified by ESA 95 as financial corporations.

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank.

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Sources: balance sheet of national central bank, BOP/IIP statistics.
Monetary gold and SDRs issued by the International Monetary Fund are financial assets for which there are no corresponding financial liabilities.
Monetary gold (F.11) consists only of gold held by the central bank as part of official reserves.
SDRs (F.12) are international reserve assets created by the International Monetary Fund and allocated to members to supplement existing official reserves.
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

Sources: balance sheet of national central bank, BOP/IIP statistics.

i) Assets
Currency (F.21) consists of holdings of banknotes and coins in circulation denominated in national and foreign currencies that are commonly used to make payments.
Deposits (F.22 and F.29) comprise transferable deposits (F.22) and other deposits (F.29) - deposits with ROW. Separate categories are used for deposits denominated in national currency and for those in foreign currency.
ii) *Liabilities*
Currency (F.21) consists of banknotes and coins that are issued by the national central bank.
Deposits (F.22 and F.29) comprise transferable deposits (F.22) and other deposits (F.29). Deposits include all liabilities of the central bank that are represented by evidence of deposits. Separate categories are used for deposits denominated in national currency and for those in foreign currency.

8.2.1.3 Securities other than shares (F.3)

Sources: balance sheet of national central bank, BOP/IIP statistics.

i) Assets
Holdings of securities other than shares, which are negotiable and usually traded on secondary markets, or can be offset on the market, and which do not grant the holder any ownership rights over the issuing institution.
Financial derivatives (F.34): positions with gross positive market value are recorded as assets,
ii) Liabilities
Short-term securities (other than shares) issued by the central bank.
Financial derivatives (F.34): positions with gross negative market value are liabilities.

8.2.1.4 Loans (F.4)

Loans are financial assets that are created when a creditor lends funds directly to a debtor, and evidenced by non-negotiable documents. Sources: balance sheet of national central bank, BOP/IIP statistics.

i) Assets
Loans extended by the central bank to credit institutions.
ii) Liabilities
Cover loans as liabilities of the national central bank.

8.2.1.5 Shares and other equity (F.5)

Assets/ Liabilities
Sources: balance sheet of national central bank, BOP/IIP statistics.

8.2.1.6 Insurance technical reserves (F.6)

i) Assets
Sources: balance sheet of national central bank, BOP/IIP statistics.
ii) Liabilities
Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

This item includes other items not elsewhere classified. Such items can be accounts receivable/payable and trade credits. Accrued interests are excluded because they are treated as part of the underlying instrument. Data sources: Aggregate monetary balance sheet of the National Bank of Romania, BOP/IIP statistics, Aggregate balance sheet of the public institutions.

8.2.2 Other monetary financial institutions (S.122)

This includes financial corporations and quasi-corporations which are principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions, and, for their own accounts, to grant and/or to make investments in securities. This category comprises credit institutions (banks, Romanian legal persons; branches of foreign credit institutions, credit co-operative organisations), as well as those of money market funds which invested at least 85% of their assets in financial instruments such as money market instruments, shares/units of other monetary financial institutions, other transferable debt securities with maturities of up to one year, and bank deposits in order to obtain a rate of return similar to the yields on money market instruments.

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

Data sources: Aggregate monetary balance sheet of other MFIs, BOP/IIP statistics, Aggregate balance sheet of the public institutions.

i) Assets
Currency (F.21) consists of holdings of banknotes and coins in circulation denominated in national and foreign currencies that are commonly used to make payments.
Deposits (F.22 and F.29) comprise transferable deposits (F.22) and other deposits (F.29) - deposits placed with other MFIs (domestic and ROW). Separate categories are used for deposits denominated in national currency and for those in foreign currency.
ii) Liabilities
Currency - not applicable.
Deposits comprise transferable deposits (F.22) and other deposits (F.29). Deposits include all liabilities of the credit institutions that are represented by evidence of deposits. Separate categories are used for deposits denominated in national currency and for those in foreign currency.

8.2.2.3 Securities other than shares (F.3)

Data sources: Aggregate monetary balance sheet of other MFIs, BOP/IIP statistics, Aggregate balance sheet of the public institutions.

i) Assets
Holdings of securities other than shares, which are negotiable and usually traded on secondary markets, or can be offset on the market, and which do not grant the holder any ownership rights over the issuing institution.
Financial derivatives (F.34): positions with gross positive market value are recorded as assets.
ii) Liabilities
Securities other than shares issued by credit institutions.
Financial derivatives (F.34): positions with gross negative market value are liabilities.

8.2.2.4 Loans (F.4)

Loans are financial assets that are created when a creditor lends funds directly to a debtor, and evidenced by non-negotiable documents. Data sources: Aggregate monetary balance sheet of other MFIs, BOP/IIP statistics, Aggregate balance sheet of the public institutions.

i) Assets
This category includes all loans granted to various sectors. Separate categories are used for loans denominated in national currency and for those in foreign currency. The loans are classified by the original maturity, as follows: loans of up to and including one year's original maturity, loans over one year and up to and including five years' original maturity, loans over five years' original maturity.
ii) Liabilities
Cover loans as liabilities of credit institutions.

8.2.2.5 Shares and other equity (F.5)

Data sources: Aggregate monetary balance sheet of other MFIs, BOP/IIP statistics, Aggregate balance sheet of the public institutions.

i) Assets
Holdings of shares which represent property rights in corporations or quasi-corporations.

ii) Liabilities
Shares (quoted and unquoted shares, MMF units) issued by reporting agents.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Sources: Aggregate monetary balance sheet of other MFIs, BOP/IIP statistics, Aggregate balance sheet of the public institutions.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
This item includes other items not elsewhere classified. Such items can be accounts receivable/payable and trade credits. Accrued interests are excluded because they are treated as part of the underlying instrument. Data sources: Aggregate monetary balance sheet of other MFIs, BOP/IIP statistics, Aggregate balance sheet of the public institutions.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S123 covers the following types of institutional units: mutual funds excepting money market funds; financial investment companies (SIFs); securities derivatives dealers (SSIFs); financial corporations engaged in lending (or *non-bank financial institutions* in various Romanian regulations), i.e. financial leasing companies, consumer credit companies, mortgage credit companies, factoring companies, guarantee funds that are granting loans (involved in financing activity; two clearing houses acting as central counterpart (Romanian Clearing House and Bucuresti Clearing House); pawnshops (pledge houses); mutual credit houses (CAR).

Own sector sources:
- aggregated balance sheets for each type of institutional unit. Companies submit to the Ministry of Economy and Finance special sets of annual financial statements depending on their economic behaviour. For annual financial and non-financial accounts the same source is used by both National Institute of Statistics and National Bank of Romania. Companies classified under S.123 which are regulated and supervised by the National Securities Commission should fill special financial statements. Non-bank financial institutions have to report the same financial statements as MFIs.
- data collected from investment funds, either from (i) regular disseminations according to the National Commission of Securities regulations for the data before 2008, or (ii) statistical data reported by investment funds to National Bank of Romania (Statistics Department) in accordance with the ECB Regulation, available on a monthly basis starting with December 2008.
- statistical data reported to National Bank of Romania (Statistics Department) by the financial corporations engaged in lending registered in General Register of non-bank financial institutions held by National Bank of Romania. Data is available on quarterly basis starting Q1 2008.

Counterpart sector information - MFI balance sheets and BOP/IIP statistics - are also used; balancing process is based on hierarchy of sources principle.

8.2.3.1 Currency and deposits (F.2)

i) Assets
Currency (F.21): Holdings of notes and coins in circulation denominated in national and foreign currencies that are commonly used to make payments. The main data sources are balance sheet data of the companies classified under this sub-sector. For non-bank financial institutions registered in the General Register held by National Bank of Romania, stock data are available by currency at end of reporting quarter, starting with Q1 2008. Flows are derived from stocks.

Deposits (F.22 and F.29) are denominated in national and foreign currencies. Data sources are balance sheets; counterpart information from S.122 sub-sector; for non-bank financial corporation registered in the General Register held by National Bank of Romania stock data are available by currency, country, and maturity for the end of the reporting quarter, starting with Q1 2008.

ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

i) Assets
Debt securities held by the mutual investment funds (except money market funds), financial investment companies (SIFs) and non-bank financial institutions.
ii) Liabilities
Debt securities issued by non-bank financial institutions which are negotiable and traded on a secondary market.

F.33 data sources are balance sheet data; information collected from portfolio assets of investment funds reported monthly to the Central Bank, stock data available by maturity, country, counterpart sector, currency and revaluations due to price changes; for non-bank financial corporations in the General Register held by the Central Bank, stock data are available by maturity, currency and country for end of the reporting quarter, starting Q1 2008.
Valuation: balance sheet figures for stocks are recorded at market value. Statistical data collected directly by National Bank of Romania for non-bank financial corporations are reported at market value on accrual basis. Market prices and accrued interest will are available for investment funds starting with December 2008.
Maturity breakdown: up to and including one year's maturity at issue, over one year at issue. For non-bank financial institutions and the investment funds additional information is available about securities other than shares of over one year and up to and including two years' maturity at issue.

Financial derivatives (F.34): amounts recorded in annual financial accounts are relatively small. The following sub-categories are covered: options tradable on regulated markets; futures tradable on regulated markets, swaps, forward rate agreements. Small figures from investments funds portfolio are recorded into NA data for 1998 – 2007 (stock data on the value at end of reporting period), that are aggregated data with no breakdowns by type or market risk categories. Sources: data reported by non-bank financial institutions starting Q1 2008 and investment funds starting December 2008 are grouped by country, counterpart sector

and currency. Holdings of financial derivatives recorded at a positive market value (gains) on the balance sheet at end of year are assets, and holdings of financial derivatives recorded at a negative market value (loss) are liabilities.

8.2.3.3 Loans (F.4)

All transactions in loans that are financial transactions created when creditors lend funds to debtors. These data are classified by original maturity in short-term loans and long-term loans.

Sources: balance sheet data; statistical reporting to National Bank of Romania of balance sheet assets and liabilities are applied to non-bank financial institutions, Romanian legal institutions and Romanian branches of non-bank financial institutions, foreign legal institutions, registered in the General Register held by the National Bank of Romania as non-bank financial institutions. The data are reported on a quarterly basis within the next 30 calendar days following the end of the reporting quarter. Counterpart information from S.122 and S.2 sectors are also used. Mainly stock data are available with the exception of the counterpart information about flows from BOP.

Available maturity breakdown: up to and including one year's original maturity, over one year and up to and including five years' original maturity, over five years' original maturity. Valuation: Data recorded on a gross value basis and on accrual principle. Loans granted by non-bank financial institutions are grouped by counterpart institutional sector and sub-sector, maturity, country and currency.

i) Assets
Loans comprise without being limitative the following categories: loans granted to households and to NPISH in the form of consumer credits, loans for house purchases, other loans; credits granted to NFCs, financial corporations, and general government sectors; holdings of non-negotiable securities; subordinated debt; negotiable debt securities acquired from third parties (bills of exchange, promissory notes, etc.); financial leases; bad loans that have not yet been repaid or written off.
ii) Liabilities
Loans received: amounts due to the creditors by the financial corporation classified under this sub-sector.

8.2.3.4 Shares and other equity (F.5)

All subcategories of F.5 are represented for S.123. All information regarding F.51 has been correlated with data from The National Trade Register Office.

i) Assets
Quoted shares (F.511): own sub-sector sources are data collected from investment funds regular disseminations (market value) for national accounts data 1998-2007 and starting with December 2008 from assets portfolio reported on a monthly basis to the Central Bank; data collected from investment companies regular disseminations (SIFs, partially market value and acquisition value) for national accounts data 1998-2007; data collected from non-bank financial institutions (market value); balance sheet data. Counterpart information from S.122 and S.2 is also used. The balancing process is based on hierarchy of sources principle.

Unquoted shares and other equity (F.512 and F.513): own sub-sector sources are data collected from investment funds; data collected from non-bank financial institutions; balance sheet data. Counterpart information is also used. The raw data is reported at acquisition value but for financial accounts purposes the figures are retreated at market prices using the capitalisation ratio on a recognised stock exchange.

ii) Liabilities

Shares, other equities and investment funds shares/units issued by the institutional units that belong to S.123 sub-sector. Main features: one securities derivative dealer is quoted on Bucharest Stock Exchange (BVB) and therefore recorded at capitalisation value under F.511; unquoted shares and other equities are valued on the basis of own funds (capital + reserves + undistributed profit) at book value; financial investment companies (SIFs) and investment funds issue investment funds shares/units and are valued at capitalisation value.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets

Only counterpart information from S.125 sub-sector for transactions with prepayments of insurance premiums and reserves for outstanding claims (F.62).

ii) Liabilities

Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities

Source: balance sheets data for each type of institutional unit classified under this sub-sector that contains items that are recorded under financial instruments F.71 and F.79: data collected from non-bank financial institutions classified by country and currency.

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers shareholders' registers; foreign exchange houses; stock exchanges (Bucharest Stock Exchange, Sibiu Monetary and Financial Stock Exchange); clearing houses (TransFonD); insurance brokers; loans brokers; pension funds management companies; The Bank Deposit Guarantee Fund; mutual funds management companies; The Romanian Banking Association (ARB); other financial auxiliaries engaged in financial intermediation.

Own sector source: aggregated balance sheets for each type of institutional unit of this sub-sector. Companies submit to the Ministry of Economy and Finance special sets of annual financial statements depending on their economic behaviour. For annual financial and non-financial accounts purposes the same statistical source is used both by National Institute of Statistics and National Bank of Romania. Companies classified under S.124 which are regulated and supervised by the National Securities Commission should report special financial accounts statements.

Counterpart sector information used: MFI balance sheets; BOP/IIP statistics; non-bank financial corporations' data.

8.2.4.1 Currency and deposits (F.2)

i) Assets
Currency (F.21): the main data sources are balance sheets data of the companies classified under this sub-sector. The total holdings of F.21 should be balanced with MFI data.
Deposits (F.22 and F.29) denominated in national and foreign currencies. Data sources: own sub-sector balance sheet data; counterpart information from S.122 sub-sector; counterpart information from S.2 sector.
Data are available for stocks with the exception of the counterpart information on flows from BOP statistics.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

Securities other than shares, exclusive financial derivatives (F.33): data sources are balance sheets data; data collected from The Bank Deposit Guarantee Fund. Maturity breakdown: up to and including one year's maturity at issue; over one year at issue.

Financial derivatives (F.34) are not covered for this sector. In the near future special work will be dedicated to improve the data coverage in this field.

i) Assets
Debt securities held by companies grouped into S.124 sub-sector. The main proportion of stocks of debt securities registered in annual financial accounts are from the Bank Deposit Guarantee Fund holdings of T-bills issued by Ministry of Economy and Finance.
ii) Liabilities
No debt securities issued by institutional units that belong to this sub-sector.

8.2.4.3 Loans (F.4)

All transactions in loans that are financial transactions created when creditors lend funds to debtors. These data are classified by original maturity of the loans in short-term loans and medium and long term loans and by currency.

Source: balance sheet data of the companies that belong to S.124; counterpart information from MFI balance sheet (S.122); counterpart information from BOP/IIP statistics (S.2); counterpart information from non-bank financial corporations' data. Flows are derived from stocks with exception of the counterpart information from S.2 obtained from BOP flows.

i) Assets
Loans granted to other sectors and sub-sectors: no significant data. Starting with Q1 2008 counterpart information is available from non-bank financial corporation data classified by maturity, country of lender and currency. Data are recorded on a gross value basis and on accrual principle.
ii) Liabilities
Loans received are classified by the original maturity in short-term (up to and including one year's original maturity) and medium and long term (over one year). For loans received from non-bank financial corporations additional information is available on maturity (over one year

and up to and including five years original maturity), and lender country and currency. Data are recorded on a gross value basis and on accrual principle.

8.2.4.4 Shares and other equity (F.5)

Romanian annual financial accounts contain data only for unquoted shares (F.512) and other equities (F.513). Romanian financial auxiliaries companies are not listed on stock exchange.
The raw data regarding holdings of unquoted shares is reported at acquisition value but for financial accounts purposes the figures are retreated at market prices using the capitalisation ratio on a recognised stock exchange. Unquoted shares and other equities issued by institutional units that belong to S.124 are valued on the basis on own funds (capital +reserves +undistributed profit) at book value.

Assets/ Liabilities
Source: balance sheet data; data collected from non-bank financial corporations; counterpart information from other sectors' financial accounts. The balancing process is based on hierarchy of sources principle.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
No information available for financial auxiliaries companies.
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Source: balance sheets data for each type of institutional unit classified under this sub-sector that contains items that are recorded under financial instruments F.71 and F.79; data collected from non-bank financial institutions classified by country and currency.

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 comprises life insurance companies, non-life insurance companies, private administrated compulsory pension funds (Pillar II) and private voluntary pension funds (Pillar III). In Romania private voluntary pension funds started in 2007 and private administrated compulsory pension funds started in 2008. They obtain funds in the form of premium payments and contributions to pension schemes.

8.2.5.1 Currency and deposits (F.2)

i) Assets
Source - insurance companies and pension funds balance sheet data.
ii) Liabilities
Source - insurance companies balance sheet data. Not applicable for pension funds.

8.2.5.2 Securities other than shares (F.3)

Financial derivatives (F.34) is not covered for insurance companies balance sheet, there are data only in pension funds balance sheet on assets side.

i) Assets
Source - insurance companies and pension funds balance sheet data.
ii) Liabilities
Source - insurance companies balance sheet data. Not applicable for pension funds.

8.2.5.3 Loans (F.4)

i) Assets
Source - insurance companies balance sheet data. Not applicable for pension funds.

ii) Liabilities
Source - insurance companies balance sheet data, data from financial institutions engaged in lending, (S.123); data from RoW sector. Not applicable for pension funds.

8.2.5.4 Shares and other equity (F.5)

Assets/ Liabilities
Source - insurance companies and pension funds balance sheet data; data from S.123 sector; data from S.124 sector; data from RoW sector (for liabilities).

8.2.5.5 Insurance technical reserves (F.6)

i) Assets
Source - insurance companies and pension funds balance sheet data.
ii) Liabilities
Source - insurance companies and pension funds balance sheet data.
Net equity of households in life insurance reserves (F.611): liabilities of insurance corporations' vis-à-vis non-resident households cannot be estimated from insurance balance sheet (and/or profit and loss accounts). No data for non-resident households are available from ICs' balance sheets (but all of their liabilities are thought to be resident).
Net equity of households in pension fund reserves (F.612): in Romania private voluntary pension funds started in 2007 and private administrated compulsory pension funds started in 2008.
Prepayments of insurance premiums and reserves for outstanding claims (AF.62): liabilities of insurance corporations' vis-à-vis non-residents are available from insurance corporations' balance sheet.

8.2.5.6 Other accounts receivable and payable (F.7)

i) Assets
Source - insurance companies and pension funds balance sheet data.
ii) Liabilities
Source - insurance companies and pension funds balance sheet data; data from S.123 sector.

8.3 General Government (S.13)

S.1311 covers the government budget, special extra-budgetary funds (for energy system development, upgrading and development of public roads, agriculture development, protecting the insurance beneficiaries, the Authority for State Assets Recovery (AVAS), other public institutions fully or partly financed from extra-budgetary funds and being subordinated to ministries, collective organisations. Treasury state funds and companies coordinated by the central government authorities whose costs are financed in a proportion higher than 50% of public funds are also included. For Central government, the Treasury balance sheet and balance sheets of the public institutions are the main source. Direct information on all assets and liabilities is generally available on a quarterly basis with a time lag of one month. Units not covered by the Treasury are reported by the balance sheets of the public institutions with a period of two or three months' delay.

S.1313 includes local budgets, public institutions financed from extra-budgetary funds, which are subordinated to municipalities. It also includes non-financial corporations under local authorities whose costs are financed in a proportion higher than 50% from local authority funds. Data for local government are collected from balance sheets of the local institutions with a period of two or three months delay. Data are cross-checked with the information from the Treasury and balance sheet items of the banks.

S.1314 includes the authorities which administrate the social security systems (the public system of pensions and other social security rights, unemployment insurance system, the social security health insurance system, the insurance system for work accidents and occupational diseases and similar) and local institutions under them, regardless of the mode of financing. The liabilities of the social security funds have been taken over by central government. Information on these is obtained from the Treasury on a monthly basis with a time lag of one month. Social security funds provide, on a quarterly basis, information about their financial assets with a time lag of two to three months.

BOP statistics is used for the cross-checking of the transactions with ROW. IIP is used in the compilation of stocks. It also supplies the links among stocks, flows, changes in prices, other adjustments and changes in the exchange rate.

8.3.2 Currency and deposits (F.2)

The main indirect source of information for the financial accounts of general government is money and banking statistics.

i) Assets
Treasury quarterly balance sheets as well as the centralized public institution financial statements represent the main source of data.
ii) Liabilities
Information from public institution statements and those which ensure management of the public debt is the main source of data, cross-checked with information provided by the National Bank of Romania through monetary credit institution balance sheets.

8.3.3 Securities other than shares (F.3)

Financial derivatives (F.34) are covered for this sector.

i) Assets
Securities issues statistics and budgetary information constitute the main source of information.
ii) Liabilities
Securities issues statistics (for the nominal values cross-checked with budgetary information) are the main source of information. This is cross-checked with the monetary balance sheets of the credit institutions, non-bank financial institutions and insurance companies, as well as IIP and BOP statistics.
OFI statistics are used for compiling the stock of securities issued by general government and held by OFIs.

8.3.4 Loans (F.4)
The main direct source is statistics for public institution statements regarding loans granted and statistics for public debt for contracted loans. The main indirect source of information for the financial accounts of general government is money and banking statistics.

i) Assets
Budgetary information and banking statistics with quarterly frequency for the central government, local government and social security funds constitute the main source of information.
ii) Liabilities
Information from public institution statements and the public debt statistics represents the main sources of data, and this is cross-checked with information from balance sheets of the credit institutions, and with BOP/IIP.

8.3.5 Shares and other equity (F.5)

Assets/ Liabilities
Data are provided by financial intermediaries (Bucharest Stock Exchange) for those which are quoted, by National Trade Register Office, and the balance sheets of NFCs for those which are not quoted and other equity.
For assets, the centralized balance sheets of NFCs, centralized balance sheets of the public institutions and information from the National Office of Trade Register represent the main sources of data.

8.3.6 Insurance technical reserves (F.6)

Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Budgetary information is the main source. Both assets and liabilities are compiled with breakdowns for (A)F.71 and (A)F.79. Information both for stocks and transactions for (A)F.71 and (A)F.79 are available. (A)F.79 excludes the B9/B9f adjustment.

i) Assets
For amounts receivable from taxes the “time adjustment cash” method is applied, and in the case of other amounts receivable the information from public institution statements represents

the source of data. For amounts receivable from abroad a double check is carried out with the data contained in the IIP.
ii) Liabilities
For amounts payable the information is collected from public institution statements as well as from the information on use of funds received from the European Union.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Sector S.14 is compiled as a residual; the data are provided by counterpart sectors. Sector S.15 comprises non-profit institutions financed and controlled by households (associations, churches, religious communities, political parties, scientific organizations, trade unions, clubs, charity foundations, professional groups, and sport and leisure clubs). S.15 is compiled using balance sheet data from non-profit institutions. All information below refers to S.15.

8.4.1 Currency and deposits (F.2)

i) Assets
Source – S.15 balance sheet data of units, data from S.122 sub-sector.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

Financial derivatives (F.34) are not covered for this sector.

i) Assets
Source – S.15 balance sheet data, data from other issuing sectors.
ii) Liabilities
Not applicable.

8.4.3 Loans (F.4)

i) Assets
Source – S.15 balance sheet data, data from S.123 sub-sector.
ii) Liabilities
Source – S.15 balance sheet data, data from S.122, S.123, and S.2 sectors.

8.4.4 Shares and other equity (F.5)

i) Assets
Source - data from S.123, S.124, and S.125 sub-sectors.
ii) Liabilities
Source – S.15 balance sheet data.

8.4.5 Insurance technical reserves (F.6)

i) Assets
Net equity of households in life insurance reserves (AF.611) and Net equity of households in pension fund reserves (AF.612) - not applicable for S.15.

Prepayments of insurance premiums and reserves for outstanding claims (AF.62): data from S.125 sub-sector.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Both assets and liabilities are compiled with breakdowns for (A)F.71 and (A)F.79.

i) Assets
Source - S.15 balance sheet data.
ii) Liabilities
Source – S.15 balance sheet data, data from S.123 sub-sector.

8.5 Rest of the world (S.2)

The sector includes non-residents' units, as they are generated through the financial transactions between residents and non-residents, according to ESA 95 methodology. The direct data sources are BOP/IIP statistics. Also, counterpart data sources of the resident sectors, especially the MFIs' balance sheet, central bank balance sheet and aggregate balance sheets for government sub-sectors are used, especially in the balancing procedure.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
This financial asset is in conformity with ESA 95 methodology, including the reserve assets that National Bank of Romania creates as monetary gold and SDR in its own portfolio.
ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

Assets/ Liabilities
BOP and IIP statistics are additionally balanced with the banking statistics, general government account and OFI statistics. Deposits include the reinvested interest, being provided by the BSI statistics. The repo agreements and the reserve position at the IMF are also contained in this category.

8.6.3 Securities other than shares (F.3)

i) Assets
The RoW data are the main data source for the stock and flow data regarding debt securities issued by NFCs, OFI and insurance corporations sectors. The government data as the counterpart information of the foreign placements in Romanian securities issued by the general government
ii) Liabilities
The debt securities assets data of the domestic sectors (MFIs, OFI, insurance corporations and general government) available in the counterpart data sources are the additional information used in the final balancing procedure.

The debt securities as assets or liabilities of the ROW account are broken down by sectors. The general government sector in BOP/IIP is only available on the total level with no breakdown by sub-sectors. The counterpart data are used for splitting the sub-sectors of general government.
For the time being, financial derivatives (F.34) are available only as flow data, with no detail for the type of transaction. The flows of financial derivatives data measure the net profit/net loss excluding the value of underlying instrument.

8.6.4 Loans (F.4)

Assets/ Liabilities
Source for inter-company cross-border loans granted by or to NFCs: FDI survey. Trade loans (F.71) are assimilated with financial loans (F.4) in the case of foreign direct investment of companies, both for assets and liabilities; up to present, the FDI survey questionnaire does not make this separation.
Distinction between euro area and other non-resident units is available in the BOP/IIP system.

8.6.5 Shares and other equity (F.5)

Assets/ Liabilities
Principal data sources are the National Commission for Securities (CNVM) and the direct bank reports regarding their external transactions with shares. Details about the nature of the shares, respectively quoted, unquoted and other equities are not yet provided in the BOP system. The CSDB information is not yet available, and other data on security by security basis is not used in compiling the ROW account. Starting in 2009 it will be possible to introduce the CSDB data in the financial data for the ROW sector.

The counterpart data sources for shares and other equities are the balance sheets for the domestic institutional sectors, mainly for the asset side. These sources provide a proxy for market value on the basis of own funds value.

8.6.6 Insurance technical reserves (F.6)

Assets/ Liabilities
BOP/IIP data are not used for estimating any of the three items (A)F.611, (A)F.612 and (A)F.62.

Net equity of households in life insurance reserves (F.611) data is supposed to be included in Other accounts payable/receivable (F.79). Liabilities of (life) insurance corporations (AF.611) vis-à-vis non-resident households cannot be estimated from (life) insurance balance sheet (and/or profit and loss accounts). The flows and stocks are not expected to have significant amounts.

Net equity of households in pension fund reserves (AF.612) – no data.

Prepayments of insurance premiums and reserves for outstanding claims (AF.62): Liabilities of insurance corporations vis-à-vis non-residents are available from insurance corporations balance sheet (and/or profit and loss accounts), as they comprise the reinsurance claims of the resident insurance corporations sector. These reinsurance claims are included in AF.7 on non-consolidated basis. However, the amounts are not significant.

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Both assets and liabilities are distinctly compiled for (A)F.71 and (A)F.79.
The BOP system applies an adjustment model in order to derive trade credits for both assets and liabilities of the ROW account.
AF.79 excludes the B9/B9f adjustment.

Chapter 18. Annual financial accounts sources and methods: Slovenia

1. Institutional arrangements

For the years from 1996 to 2000 the Bank of Slovenia has compiled "simplified" financial accounts, which were financial balance sheets for all sectors on annual basis and only for the main financial instruments. Existing sources of data have been used for the compilation and only as much as the data sources permitted, the methodology of ESA 95 has been followed.

Since 2001 Bank of Slovenia (BoS) is responsible for the compilation of financial accounts and produces annual financial accounts, quarterly financial accounts (including for the general government) in line with the ESA 95 methodology for all sectors and all financial instruments.

In 2003 BoS has introduced the Direct reporting system (reports, directly received from individual institutional units classified in the sectors S.11, S.12 and S.13), which is the primary source for the quarterly financial accounts compilation. Annual financial accounts are derived from quarterly financial accounts. The financial accounts are compiled within the Financial accounts statistics unit.

Statistical Office of the Republic of Slovenia (SORS) is responsible for the compilation of non-financial accounts.

2. Publication

The compiled financial accounts of Slovenia from 2001 to 2007 had been disseminated to Eurostat and ECB.

BoS publishes financial accounts (non-consolidated and consolidated stocks and transactions) on annual basis (from 2001 on) and quarterly financial accounts (from 2004 on) for all sectors and all instruments.

Financial accounts data are published on the Bank of Slovenia web-site: http://www.bsi.si/en/publications.asp?MapaId=923.

3. Production cycle

BoS compiles annual financial accounts in 6 months and quarterly financial accounts in 110 days after the reference period. SORS produces annual non-financial accounts in 12 months and quarterly non-financial accounts in 90 days after the reference period (quarterly only for S.13 and S.2).

The net transactions of S.13 from the financial accounts are compared to net item of S.13 from the non-financial accounts. In annual financial accounts (ESA tables 6 and 7) BoS is also using B.9 (net lending/net borrowing) for available sectors produced by SORS.

4. Balancing the accounts

Compilation of stocks: data from two sides/sources are compared, from one side as an asset and from other side as a liability (e. g. NFCs (S.11) show claims to banks (S.122) on deposits and banks show the same information as liability to NFCs). In the final financial accounts the data from two sectors should be the same. For the purpose of equalizing both data, the hierarchy of sources is being used.

Compilation of transactions: transactions are derived with the use of data from direct reports, using estimates and supplementary information.

5. Consolidation issues

After non-consolidated data is compiled, consolidation of sectors (which have sub-sectors, except S.2) follows. The process of consolidation comprises:

- consolidation on the sub-sector level;
- consolidation on the sector level.

6. Plausibility checks

All basic consistency checks are built in the system. The compilation of the financial accounts is followed by intra consistency analysis (identifying larger changes between periods) and the correspondence of the financial accounts data with the data of other statistics, especially with those of the general government (S.13) and the rest of the world (S.2). The net transactions of S.13 from the financial accounts are being compared to net item of S.13 from non-financial accounts. The data of S.2 from the financial accounts is being compared with the IIP and BOP data.

7. Ongoing or planned changes to FA production

At the moment there are no planned (major) changes in the FA production.

8. Sources and methods by institutional sector and financial instrument

Primary and secondary sources are used for the compilation of financial accounts.

Primary sources:

- quarterly data (stocks and transactions) based on direct reports for financial accounts purposes (from individual institutional units);
- quarterly IIP and BOP data;
- securities statistics (Reporting on operations in securities, Central securities clearing corporation data).

Secondary sources:

- monetary and banking statistics;
- public finance statistics;
- other financial institutions statistics.

8.1 Non-financial corporations (S.11)

Sector S.11 includes corporations, whose principal activity is production of market goods and non-financial services.

8.1.1 Currency and deposits (F.2)

i) Assets
F.21: own sector source (direct reports for financial accounts purposes)
F.22/F.29: counterpart source: S.121, S.122, S.2.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

i) Assets
F.331: mostly counterpart data (S.12), also own sector source (direct reports for financial accounts purposes) and central securities clearing corporation data.
F.332: mostly central securities clearing corporation data, also counterpart data (S.121, S.122), central securities clearing corporation data and reporting on operations in securities and own sector source (direct reports for financial accounts purposes).
F.34: mostly counterpart data (S.12), also own sector source (direct reports for financial accounts purposes) and reporting on operations in securities.
Sectors other than S.121/S.122, S.11 and S.2 have insignificant amounts in F.34. Negative balance sheets items are not allowed.

ii) Liabilities
F.331: mostly counterpart data (S.12, S.13, S.2), also own sector source (direct reports for financial accounts purposes).
F.332: central securities clearing corporation data except vis-à-vis S.121.
F.34: mostly counterpart data (S.12, S.13), also own sector source (direct reports for financial accounts purposes).

8.1.3 Loans (F.4)

Assets/ Liabilities
Mostly counterpart data (S.12, S.13, S.2), also own sector source (direct reports for financial accounts purposes).
Source for inter-company loans granted by NFCs (S.11) to other resident NFCs (S.11) is data from the Direct reporting system. No additional estimations are used. Direct reports for financial accounts purposes cover all loans irrespective of the ownership link. In principal all types of loans are covered in financial accounts data. No separate information is available on instalment loans by retailers to customers. Source for inter-company cross-border loans granted by or to NFCs is BOP data.

8.1.4 Shares and other equity (F.5)

i) Assets
F.511: mostly central securities clearing corporation data, also own sector source (direct reports for financial accounts purposes), reporting on operations in securities, SN (report on investment abroad as a source for the IIP).

F.512: mostly central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes).
Legal form of companies issuing F.511/F.512 is Public Limited Company.
F.513: counterpart data (S.12), own sector source (direct reports for financial accounts purposes). Most of the companies issuing F.513 are in the form of Limited Liability Companies.
F.52: mostly counterpart data (S.122, partly S.123), also own sector source (direct reports for financial accounts purposes) and central securities clearing corporation data.
ii) Liabilities
F.511: mostly central securities clearing corporation data.
F.512: mostly central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes).
F.513: mostly counterpart data (S.12, S.13), also own sector source (direct reports for financial accounts purposes)
F.52: not applicable.

8.1.5 Insurance technical reserves (F.6)

i) Assets
F.62: counterpart source (S.125).
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

i) Assets: mostly counterpart data (S.12, S.13, S.2), also own sector source (direct reports for financial accounts purposes).
ii) Liabilities: mostly counterpart data (S.12, partly S.13), also own sector source (direct reports for financial accounts purposes).

The largest amounts for (A)F.79 are between NFCs and general government sector (in respect of taxes and social contributions) and between NFCs and households (in respect of salaries). Accrued interest for financial accounts purposes is in principal (in line with the reporting instructions) reported under the relevant instrument. Adjustments to reconcile financial and non-financial accounts are principally not included in (A)F.79.

8.2 Financial corporations (S.12)

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank. For all financial instruments (assets, liabilities) of the central bank own data is used as the source.
An only exception is the sectoral breakdown for liabilities in F.21, where the total amount is taken from reported data (liabilities in F.21) of S.121, but the sectoral breakdown is based on reported data (assets in F.21) of S.11, S.12 and S.13.

8.2.2 Other monetary financial institutions (S.122)

Sub-sector S.122 includes commercial banks, saving institutions and money market funds.

8.2.2.1 Monetary gold and SDRs (F.1)

Not applicable.

8.2.2.2 Currency and deposits (F.2)

i) Assets
F.21: own sector source (direct reports for financial accounts purposes).
F.22/F.29: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 (counterpart source – central bank).
ii) Liabilities
F.21: not applicable.
F.22/F.29: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 and S.1314 (counterpart source).

8.2.2.3 Securities other than shares (F.3)

i) Assets
F.331: mostly own sector source (direct reports for financial accounts purposes), also counterpart source (S.121) and central securities clearing corporation data.
F.332: combined own sector source (direct reports for financial accounts purposes) and central securities clearing corporation data, for S.2 combined with reporting on operations in securities. Also counterpart source (S.121).
F.34: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 (counterpart source) and S.2 (combined with reporting on operations in securities).
ii) Liabilities
F.331: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 (counterpart source).
F.332: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 and S.1314 (counterpart source).
F.34: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 (counterpart source).

8.2.2.4 Loans (F.4)

Assets/ Liabilities
Own sector source (direct reports for financial accounts purposes), except vis-à-vis S.121 (counterpart source).

8.2.2.5 Shares and other equity (F.5)

i) Assets
F.511: mostly central securities clearing corporation data. Other: own sector source (direct reports for financial accounts purposes).
F.512: central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes).
F.513: own sector source (direct reports for financial accounts purposes).
F.52: own sector source (direct reports for financial accounts purposes), counterpart source (partly S.123) and central securities clearing corporation data.
ii) Liabilities

F.511and F.512: central securities clearing corporation data.
F.513: Not applicable.
F.52: own sector source (direct reports for financial accounts purposes).

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
F.62: counterpart source (S.125).
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

MFI balance sheet is not used to calculate (A)F.7 (assets/liabilities). There is no other MFI balance sheet item used to estimate (A)F.7. MFIs report F.7 data for financial accounts in line with ESA 95.

i) Assets
Own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 and S.1314 (counterpart source).
ii) Liabilities
Own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 (counterpart source).

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 includes investment funds (mutual funds, investment companies), leasing companies and other financial intermediaries.

8.2.3.1 Currency and deposits (F.2)

i) Assets
F.21: own sector source (direct reports for financial accounts purposes).
F.22 and F.29: counterpart data (S.121, S.122, S.2).
ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

i) Assets
F.331: counterpart source (S.12), own sector source (direct reports for financial accounts purposes) and central securities clearing corporation data.
F.332: mostly central securities clearing corporation data, also counterpart source (S.121, S.122), reporting on operations in securities combined with own sector source (direct reports for financial accounts purposes).
F.34: mostly counterpart source (S.12), also own sector source (direct reports for financial accounts purposes), reporting on operations in securities.
ii) Liabilities

F.331: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 and S.122 (counterpart source).
F.332: central securities clearing corporation data except vis-à-vis S.121 (counterpart source).
F.34: own sector source (direct reports for financial accounts purposes), except vis-à-vis S.121 and S.122 (counterpart source).

8.2.3.3 Loans (F.4)

i) Assets
Mostly own sector source (direct reports for financial accounts purposes), also counterpart source (S.12).
ii) Liabilities
Own source data except vis-à-vis S.121 and S.122 (counterpart source).

8.2.3.4 Shares and other equity (F.5)

i) Assets
F.511: mostly central securities clearing corporation data, also own sector source (direct reports for financial accounts purposes).
F.512: central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes).
F.513: mostly own sector source (direct reports for financial accounts purposes), also counterpart source (S.12).
F.52: own sector source (direct reports for financial accounts purposes), combined with counterpart source (S.122) and central securities clearing corporation data.
ii) Liabilities
F.511: central securities clearing corporation data.
F.512: mostly central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes).
F.513: mostly own sector, also counterpart source (S.121, S.122).
F.52: mostly central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes).

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
F.62: counterpart source (S.125).
ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

i) Assets
Counterpart source (S.12, partly S.13) combined with own sector source (direct reports for financial accounts purposes).
ii) Liabilities
Mostly own sector source (direct reports for financial accounts purposes), also counterpart source (S.12, partly S.13).

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers brokerage houses and corporations providing infrastructure for financial markets.

8.2.4.1 Currency and deposits (F.2)

i) Assets
F.21: own sector source (direct reports for financial accounts purposes).
F.22/F.29: counterpart source (S.121, S.122, S.2).
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

i) Assets
F.331: mostly counterpart source (S.12), also own sector source (direct reports for financial accounts purposes) and central securities clearing corporation data.
F.332: mostly central securities clearing corporation data, also counterpart source (S.121, S.122) and own sector source (direct reports for financial accounts purposes), combined with reporting on operations in securities.
F.34: mostly counterpart source (S.12), also own sector source (direct reports for financial accounts purposes) and reporting on operations in securities.
ii) Liabilities
F.331: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 and S.122 (counterpart source).
F.332: central securities clearing corporation data except vis-à-vis S.121 (counterpart source).
F.34: own sector source (direct reports for financial accounts purposes) vis-à-vis S.121 and S.122 (counterpart source).

8.2.4.3 Loans (F.4)

i) Assets
Mostly counterpart source (S.12, S.13, S.2), also own sector source (direct reports for financial accounts purposes).
ii) Liabilities
Own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121, S.122 and S.1311 (counterpart source).

8.2.4.4 Shares and other equity (F.5)

i) Assets
F.511: mostly central securities clearing corporation data, also own sector source (direct reports for financial accounts purposes).
F.512: central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes).
F.513: own sector source (direct reports for financial accounts purposes) combined with counterpart source (S.12).
F.52: own sector source (direct reports for financial accounts purposes) combined with counterpart sector (S.122, partly S.123) and central securities clearing corporation data.

ii) Liabilities
F.511: central securities clearing corporation data.
F.512: central securities clearing corporation data combined with own data source.
F.513: mostly own data source. Other: counterpart source (S.121, S.122, S.13).
F.52: not applicable.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
F.62: counterpart source (S.125).
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

i) Assets
Counterpart source (S.12, partly S.13) combined with own sector source (direct reports for financial accounts purposes).
ii) Liabilities
Mostly own sector source (direct reports for financial accounts purposes), also counterpart source (S.121, S.122).

8.2.5 Insurance corporations and pension funds (S.125)

Sub-sector S.125 comprises insurance companies and pension funds (pension companies and mutual pension funds).

8.2.5.1 Currency and deposits (F.2)

i) Assets
F.21: own sector source (direct reports for financial accounts purposes).
F.22 and F.29: counterpart data (S.121, S.122) except vis-à-vis S.2 (own sector source - direct reports for financial accounts purposes).
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

i) Assets
F.331: mostly counterpart source (S.12), also own sector source (direct reports for financial accounts purposes) and central securities clearing corporation data.
F.332: mostly central securities clearing corporation data, also counterpart source (S.121, S.122), reporting on operations in securities combined with own sector source (direct reports for financial accounts purposes).
F.34: mostly counterpart source (S.12), also own sector source (direct reports for financial accounts purposes) and reporting on operations in securities.
ii) Liabilities
F.331: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 and S.122 (counterpart source).
F.332: central securities clearing corporation data except vis-à-vis S.121 (counterpart source).

F.34: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 and S.122 (counterpart source).

8.2.5.3 Loans (F.4)

i) Assets
Mostly counterpart data source (S.12, partly S.13), also own data source.
ii) Liabilities
Own data source except vis-à-vis S.121 and S.122 (counterpart source).

8.2.5.4 Shares and other equity (F.5)

i) Assets
F.511: mostly central securities clearing corporation data, also own sector source (direct reports for financial accounts purposes).
F.512: central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes) and reporting on operations in securities data.
F.513: own sector source (direct reports for financial accounts purposes) combined with counterpart source (S.12).
F.52: own sector source (direct reports for financial accounts purposes) combined with counterpart sector (S.122, partly S.123) and central securities clearing corporation data.
ii) Liabilities
F.511 and F.512: central securities clearing corporation data.
F.513: mostly own data source, also counterpart source (S.121, S.122).
F.52: own data source. Special pension funds called mutual pension funds are classified in sector S.125, but have similar instruments on the liabilities side as mutual funds (units). These liabilities of the mutual pension funds are classified in F.52 (mutual funds shares). Mutual pension funds do not form insurance technical reserves.

8.2.4.5 Insurance technical reserves (F.6)

Assets/ Liabilities
Own sector source (direct reports for financial accounts purposes).
Insurance companies report their assets and liabilities, including a small amount of liabilities to non-resident households in F.611. Pension funds report their assets and liabilities, including a small amount of liabilities to non-resident households in F.612. Insurance companies report net liabilities in F.62 to all sectors, including non-residents.

8.2.5.6 Other accounts receivable and payable (F.7)

i) Assets: counterpart source (S.12, partly S.13) combined with own sector source (direct reports for financial accounts purposes).
ii) Liabilities: own sector source (direct reports for financial accounts purposes) except vis-à-vis S.121 and S.122 (counterpart source).

8.3 General Government (S.13)

S.1311 includes all central government units (all ministries, some budget funds, Slovene Compensation Fund (SOD), other units directly financed from the state budget). S.1313 covers all local government units (municipalities and other local bodies). S.1314 includes

Institute of Pension and Invalidity Insurance (ZPIZ), Health insurance institute (ZZZS), and Pension Fund Management (KAD).

8.3.2 Currency and deposits (F.2)

i) Assets
F.21: own sector source (direct reports for financial accounts purposes).
F.22 and F.29: counterpart source (S.121, S.122), except for S.1314 vis-a-vis S.122 own sector source (direct reports for financial accounts purposes), and S.1311 vis-à-vis S.2 own sector source (direct reports for financial accounts purposes).
ii) Liabilities
F.21: liabilities from issued coins as part of the currency (source: BoS).
F.22 and F.29: no liabilities in deposits.

8.3.3 Securities other than shares (F.3)

i) Assets
F.331: mostly counterpart source (S.12), also own sector source (direct reports for financial accounts purposes) and central securities clearing corporation data.
F.332: mostly central securities clearing corporation data, also counterpart source (S.121, S.122) and own sector source (direct reports for financial accounts purposes) combined with reporting on operations in securities.
F.34: mostly counterpart source (S.12), also own sector source (direct reports for financial accounts purposes).
ii) Liabilities
F.331: central securities clearing corporation data except vis-à-vis S.121 (counterpart source).
F.332: central securities clearing corporation data combined with own data source and reporting on operations in securities data, also counterpart source (S.121).
F.34: counterpart source (S.121, S.122).

8.3.4 Loans (F.4)

i) Assets
Mostly counterpart source (S.12, S.13), also own sector source (direct reports for financial accounts purposes).
ii) Liabilities
Own sector source (direct reports for financial accounts purposes) combined with counterpart source (S.12).

8.3.5 Shares and other equity (F.5)

i) Assets
F.511: mostly central securities clearing corporation data, also own sector source (direct reports for financial accounts purposes).
F.512: central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes).
F.513: own sector source (direct reports for financial accounts purposes) combined with counterpart source (S.12).
F.52: own sector source (direct reports for financial accounts purposes) combined with counterpart sector (S.122, partly S.123) and central securities clearing corporation data.

ii) Liabilities
F.511: not applicable.
F.512: central securities clearing corporation data combined with own sector source (direct reports for financial accounts purposes)
F.513 and F.52: not applicable.

8.3.6 Insurance technical reserves (F.6)

i) Assets
F.62: counterpart source (S.125).
ii) Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

i) Assets
Counterpart source (S.11, S.12) combined with own sector source (direct reports for financial accounts purposes).
ii) Liabilities
Counterpart source (S.11, S.12) combined with own sector source (direct reports for financial accounts purposes).

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Sector S.14 includes physical persons and independent entrepreneurs. Sector S.15 covers societies, political parties, unions, religious societies, clubs and other non-profit institutions, which serve households.

8.4.1 Currency and deposits (F.2)

i) Assets: counterpart source (S.121, S.122, S.2).
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

i) Assets
F.331: counterpart source (S.11, S.12) and central securities clearing corporation data.
F.332: mostly central securities clearing corporation data, also reporting on operations in securities.
F.34: counterpart source (S.11, S.12) and reporting on operations in securities.
ii) Liabilities
Not applicable.

8.4.3 Loans (F.4)

Assets/ Liabilities
Counterpart source (S.11, S.12, S.13, S.2).

8.4.4 Shares and other equity (F.5)

i) Assets
F.511: mostly central securities clearing corporation data and counterpart source (S.2).
F.512: central securities clearing corporation data combined with counterpart source (S.11, S.12, S.2).
F.513: counterpart source (S.11, S.12, S.2).
F.52: counterpart source (S.122, partly S.123, S.125, S.2) and central securities clearing corporation data.
ii) Liabilities
Not applicable.

8.4.5 Insurance technical reserves (F.6)

i) Assets
F.6: counterpart source (S.125).
F.611: estimations vis-à-vis S.2. The share of liabilities of non-resident (life) insurance corporations to resident households in F.611 is estimated from the share of S.2 liabilities to resident households in similar (conservative) instruments, e.g. deposits.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Counterpart source (S.11, S.12, S.13, S.2).

8.5 Rest of the world (S2)

Sector S.2 represents non-residents units according to ESA 95.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
Only transactions data from S.121.
ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

i) Assets
Mostly counterpart sector source (S.121, S.122).
ii) Liabilities
Own sector source (S.2 – IIP/BOP) combined with counterpart source (S.11, S.12, S.13).

8.6.3 Securities other than shares (F.3)

i) Assets
Central securities clearing corporation data combined with counterpart source (S.11, S.12, S.13) and own sector source (S.2 – IIP/BOP).

ii) Liabilities
Counterpart data combined with reporting on operations in securities data (S.11, S.12, S.13) and own sector source (S.2 - IIP/BOP).

8.6.4 Loans (F.4)

Assets/ Liabilities
Counterpart source (S.12, S.13) combined with own sector source (S.2 – IIP/BOP).

8.6.5 Shares and other equity (F.5)

i) Assets
F.511: mostly central securities clearing corporation data.
F.512: central securities clearing corporation data combined with counterpart source (S.11, S.12).
F.513: counterpart source (S.11, S.12).
F.52: counterpart sector combined (S.122, partly S.123) with central securities clearing corporation data.
ii) Liabilities
F.511/F.512 and F.52: counterpart data (S.11, S.12, S.13) combined with reporting on operations in securities and own sector source (S.2 – IIP/BOP).
F.513: counterpart source (S.11, S.12, S.13) own sector source (S.2 – IIP/BOP).

8.6.6 Insurance technical reserves (F.6)

i) Assets
Counterpart source (S.125)
ii) Liabilities:
Counterpart data (S.125), estimations vis-à-vis S.14 (F.61).

8.6.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Counterpart source (S.12, S.13) except for S.11, S.14 and S.15 own sector source (S.2 – IIP/BOP).

Chapter 19. Annual financial accounts sources and methods: Finland

1. Institutional arrangements

Statistics Finland is responsible for the methodology, compilation and dissemination of ESA95 annual financial accounts and quarterly financial accounts for general government (QFAGG). Within Statistics Finland the Economic Accounts Division is in charge of all work for ESA 95 financial accounts, as well as for national accounts. Production of financial accounts is organised in same unit as the production of the general government national accounts and financial market statistics. Five persons belong to financial accounts team, but some team members have also other duties. Each person is in charge of the accounts of one or more sectors; in addition some financial instruments are compiled in a centralised way by one or two persons. Balancing of data is done together and led by the team leader.

Financial accounts is an area of shared responsibility in Finland. Bank of Finland is responsible for MUFA, which is compiled according to an ECB Guideline. Statistics Finland and Bank of Finland have close co-operation in the field of financial accounts and expert meetings dealing with methodological and consistency issues are arranged frequently. Special effort is made to keep all the related statistics consistent, but being separate processes, differences between MUFA data and annual data still exist. Data is also frequently exchanged between the two institutions.

2. Publication

Statistics Finland disseminates financial accounts data to Eurostat. Annual financial accounts (balance sheets and transactions) by sector are published in Finnish, English and Swedish in Statistics Finland's free database (PX-Web). Preliminary figures are published annually with a time lag of 6.5 months and final figures with a lag of 13 months. The published data covers years from 1995 onwards. There are no major breaks in time series, but some reclassifications have occurred. Other subsets of flows than transactions are currently not published. Financial accounts English home page can be found here: http://tilastokeskus.fi/til/rtp/index_en.html.

3. Production cycle

Preliminary figures for the previous year are compiled with a time lag of 6.5 months. Final figures are compiled with a time lag of 13 months. Production cycle is the same as for annual non-financial sector accounts (except that first preliminary non-financial accounts are compiled in t+2 months). Revisions of time series are carried out prior to/within the second compilation round. Revisions can be made every year as far back as needed. Revision policy differs from that of non-financial accounts.

4. Balancing the accounts

A bottom-up approach is used. That is, figures are compiled through counterpart data leading to complete who-to-whom matrices. Horizontal balance is always ensured, as every entry to the system is entered to both asset and liability side. At the balancing stage special attention is given to reliability of source data and preference order is decided to alternative sources. Instrument totals from direct data sources are always given first priority. As a main rule, indirect data is used to fill counterpart positions. In this approach some sector's data must be

adjusted to fit into the frame and some positions are calculated as a residual (usually when source data is missing).

When applicable, transactions are calculated as the change of balance sheet values. However, every exiting source of actual transactions is exploited. For some sectors/instruments estimations are made. Subsets of other flows are also calculated. Changes in classification of units and instruments are entered as reclassifications. Other volume changes are entered when needed. Holding gains/losses are derived as a residual. Stock/flow consistency is monitored mainly by studying relative holding gains/losses. In many cases holding gains/losses are not allowed to exist at all.

Vertical statistical discrepancies between net lending in the capital account and the financial account are allowed and shown in Finnish national accounts. Discrepancies are closely monitored and reasons for them are studied by checking source data and methods. Discrepancies are also frequently being analysed with non-financial account compilers during compilation rounds. However, some partial adjustment is sometimes made for household and NFC sectors when discrepancies remain relatively big. Partial adjusting is typically made through other accounts payable/receivable (F.71/F.79) and unquoted shares (F.512).

5. Consolidation issues

The who-to-whom approach applied includes the compilation of all intra-sector positions. Consolidation can be thus made simply by subtracting intra-positions from non-consolidated totals. Basically all direct data sources include individual accounts of institutional units and for example consolidated group accounts are not used. In many cases intra-positions are also shown in the direct or indirect data sources or they can be estimated. In many cases they can be assumed not to exist. In the absence of direct data sources only consolidated data is produced for the household sector. Rest of the world sector is consolidated by definition.

6. Plausibility checks

Unusual and large items are checked carefully and, if needed, together with primary source statistics. Monitoring of year to year changes is mainly done during the balancing stage, but not in a systematic way. Plausibility checking as a whole would deserve more attention.

7. Ongoing or planned changes to FA production

The current way of sharing responsibilities between Statistics Finland and Bank of Finland has led to inefficiency (overlapping duties, etc.) as well as to some degree of inconsistency between annual and quarterly financial accounts statistics. For these reasons it was decided in 2008 to transfer quarterly financial accounts (MUFA) from Bank of Finland to Statistics Finland. According to plans Statistics Finland will take over the responsibilities at the end of 2010 at the latest.

8. Sources and methods by institutional sector and financial instrument

8.1 Non-financial corporations (S.11)

NFCs consist of economic units, which are market producers and whose principal activity is the production of goods and services:

- private and public corporations, co-operatives, general and limited partnerships and bankrupt estates of corporations;
- non-profit institutions or associations serving non-financial corporations and household's business activities, recognised as independent legal entities;
- holding corporations controlling a group of corporations which are market producers;
- private and public quasi-corporations, which are principally market producers, engaged in the production of goods and services.
- notional resident units whose principal activity is not the production of financial services

Housing corporations (S.112) - All incorporated housing units: housing companies, housing co-operatives, residential real estate companies, right of occupancy associations and other housing corporations.

8.1.1 Currency and deposits (F.2)

Currency (F.21)
i) Assets
Stocks: corporate balance sheets
Transactions: change in stocks
ii) Liabilities
Not applicable.

Deposits (F.22+F.29)
i) Assets
Stocks: indirect (counterpart) data: MFI balance sheets for domestic and BoP/IIP for foreign deposits. MFI balance sheets are provided by credit institution statistics (VIRATI joint data collection by Statistics Finland, Financial Supervisory agency FSA and Bank of Finland). Accrued interest is not included.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Not applicable.

8.1.2 Securities other than shares (F.3)

Short-term debt securities (F.331)
i) Assets
Stocks: counterpart data. S.111 is usually treated as a residual in liability side of other resident sectors (including the sector itself). Foreign assets: BoP/IIP.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: Financial market statistics compiled by Bank of Finland. The statistics show commercial paper outstanding at nominal value.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.

Long-term debt securities (F.332)
i) Assets
Stocks: counterpart data. S.111 is usually treated as a residual in liability side of other resident sectors (including the sector itself). Foreign assets: BoP/IIP.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: corporate balance sheets include F.33 at book value. F.332 is derived by subtracting F.331 from it.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.

Financial derivatives (F.34)
i) Assets
Stocks: Financial derivatives against resident sectors (banks) are covered from 1999 onwards (from MFI balance sheets). S.111 is treated as residual in MFI liability side. Foreign derivative assets come from BoP/IIP.
Transactions: No data on transactions between residents, foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: Financial derivatives against resident banks are covered from 1999 onwards (from MFI balance sheets). S.111 is treated as residual in MFI liability side. Derivatives against households (showing the value of outstanding employee stock options) are covered from 2004 onwards. Foreign derivative liabilities come from BoP/IIP.
Transactions: No data on transactions between residents, foreign transactions according to BoP/IIP.

8.1.3 Loans (F.4)

Split to short-term (F.41) and long-term loans (F.42) is made from 2004 onwards.

Short-term loans (F.41)
i) Assets
Stocks: counterpart data. S.111 is usually treated as a residual in liability side of other resident sectors. Foreign assets: BoP/IIP. This is a negligible item for S.111.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: indirect (counterpart) data like credit institution statistics and FA's direct inquiry. Accrued interest is not included. Foreign stocks: BoP/IIP.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.

Long-term loans (F.42)
i) Assets
Stocks: counterpart data. S.111 is usually treated as a residual in liability side of other resident sectors. Foreign assets: BoP/IIP. Long-term loan receivables from other resident NFCs is calculated as a residual on the liability side (significant item in Finland).
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.

ii) Liabilities
Stocks: corporate balance sheets include F.4. F.42 is derived by subtracting F.41 from it. Accrued interest is not included.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.

8.1.4 Shares and other equity (F.5)

Quoted shares (F.511)
i) Assets
Stocks: Domestic holdings are obtained from book-entry securities register. The register includes data on all shares quoted in Helsinki stock exchange (holding sector breakdown is included for each share). BoP/IIP is the source for foreign holdings (portfolio equity investment).
Transactions: Estimation based on book-entry securities register data. Foreign transactions according to BoP/IIP (portfolio equity investment).
ii) Liabilities
Stocks: Book-entry securities register. The register includes data on all shares quoted in Helsinki stock exchange.
Transactions: Estimation based on book-entry securities register data.

Unquoted shares (F.512)
Legal form of issuing entities: limited (joint stock) company.
i) Assets
Stocks: Domestic holdings are determined by combining enterprise group register data and balance sheet data on micro-level. BoP/IIP is the source for foreign holdings (direct equity investment). Valuation is according to own funds at book value.
Transactions: Structural business statistics database (acquisition of fixed asset shares). Reinvested profits on FDI are added from BoP/IIP.
ii) Liabilities
Stocks: Corporate balance sheets, valuation according to own funds at book value (derived from equity items). Unquoted shares of listed companies are also included and valued according to price of quoted shares.
Transactions: Structural business statistics database includes information on share issues for big companies. For small companies data is derived from corporate balance sheets (change in share capital and shares premium account). Reinvested profits on FDI are added from BoP/IIP.

Other equity (F.513)
Legal form of issuing entities: other than limited (joint stock) company like co-operative, partnership, public quasi-corporation, mutual company.
i) Assets
Stocks: Counterpart data from liability side of credit institutions, insurance corporations and non-financial corporations. Valuation is according to own funds at book value.
Transactions: Assumed to be negligible.
ii) Liabilities
Stocks: Corporate balance sheets, valuation according to own funds at book value (derived from equity items).
Transactions: Separate information on public quasi-corporations. Otherwise best estimates are used. Usually negligible.

Mutual fund shares (F.52)
i) Assets
Stocks: Domestic holdings are obtained from mutual fund statistics, which includes data on holdings of all domestic mutual fund shares by holding sector. BoP/IIP is the source for foreign holdings.
Transactions: Estimation based on mutual fund data. Foreign transactions according to BoP/IIP, where reinvested earnings are added from separate calculations (not included in BoP).
ii) Liabilities
Not applicable.

8.1.5 Insurance technical reserves (F.6)

Net equity of households in life insurance reserves and pension funds (F.61)
Assets/ Liabilities
Not applicable.

Prepayments of insurance premiums and reserves for outstanding claims (F.62)
i) Assets
Stocks: Counterpart data from liability side of insurance corporations. Insurance corporations' liability is divided to counterpart sector according to premiums paid.
Transactions: Change in stocks.
ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (F.7)

Trade credits (F.71)
i) Assets
Stocks: counterpart data. S.111 is usually treated as a residual in liability side of other resident sectors (including S.111). Foreign assets: BoP/IIP. This item may be used also for adjusting discrepancy between S.111 and S14.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: corporate balance sheets: trade credit and advance payments.
Transactions: domestic transactions as change in stocks, foreign transactions according to BoP/IIP.

Other accounts receivable and payable (F.79)
i) Assets
Stocks: counterpart data. S.111 is usually treated as a residual in liability side of other resident sectors (including S.111). Foreign assets: BoP/IIP. This item may be used also for adjusting discrepancy between S.111 and S14.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: corporate balance sheets: accruals on interest, rent, taxes, wages, etc.. Accrued interest is shown in this item, not in underlying financial instrument.

Transactions: domestic transactions as change in stocks, foreign transactions according to BoP/IIP.

8.2 Financial corporations (S.12)

8.2.1 The Central Bank (S.121)

This sub-sector only includes the national central bank

8.2.1.1 Monetary gold and SDRs (F.1)

i) Assets
Stocks: balance sheet of Bank of Finland
Transactions: according to BoP
ii) Liabilities
Not applicable.

8.2.1.2 Currency and deposits (F.2)

Currency (F.21)
i) Assets
Not applicable.
ii) Liabilities
Stocks: notes in circulation from balance sheet of Bank of Finland. RoW holdings according to the ECB estimate (this is not recorded in BoP/IIP)
Transactions: as change in stocks (transactions of RoW are not recorded in BoP/IIP).

Deposits (F.22+F.29)
i) Assets
Stocks: balance sheet of Bank of Finland
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP.
ii) Liabilities
Stocks: balance sheet of Bank of Finland
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP.

8.2.1.3 Securities other than shares (F.3)

Debt securities (F.33)
i) Assets
Stocks: balance sheet of Bank of Finland and outstanding credit statistics of Statistics Finland
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP
ii) Liabilities
Not applicable.

Financial derivatives (F.34)
Assets/ Liabilities
Not applicable.

8.2.1.4 Loans (F.4)

i) Assets

Stocks: balance sheet of Bank of Finland

Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP.

ii) Liabilities

Not applicable.

8.2.1.5 Shares and other equity (F.5)

i) Assets

Stocks: total of F.5 from balance sheet of Bank of Finland (and partly from Bank of Finland's Pension Fund Annual Report). Allocation to sub-instruments (F.511, F.512, F.513) according to Bank of Finland Annual Report and to sub-instrument F.52 from Bank of Finland's Pension Fund Annual Report.

Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP

ii) Liabilities

Stocks: Bank of Finland Annual Report. Equity of BoF is recorded as F.513 held by central government.

Transactions: according to possible injections and withdrawals by government.

8.2.1.6 Insurance technical reserves (F.6)

Assets/ Liabilities

Not applicable.

8.2.1.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities

Stocks: balance sheet of Bank of Finland: other accounts and accruals receivable/payable.

Transactions: change in stocks

8.2.2 Other monetary financial institutions (S.122)

S.1221 includes all deposit banks operating in Finland, including branches of foreign credit institutions engaged in banking in Finland.

S.1222 Money market funds includes mutual funds which invest their assets on short-term, mainly negotiable instruments, such as central government treasury notes and bills, banks' certificates of deposits, short-term bonds. The investment is often not a fixed term but can be exchanged for cash partly or totally when required.

S.1223 includes other financial corporations classified as MFI by the ECB apart from deposit banks and money market funds.

8.2.2.1 Monetary gold and SDRs (F.1)

Assets/ Liabilities

Not applicable.

8.2.2.2 Currency and deposits (F.2)

In case of the resident deposit banks' internal items, all other items have been classified as loans except those titled as deposits in the basic data. Loans are recorded also on liability side. The problem however is, although most items between banks are only short-term, the banks normally cannot have short-term liabilities according the ESA 95.

Assets/ Liabilities
Stocks: VIRATI balance sheet (joint data collection by Statistics Finland, Financial Supervisory agency FSA and Bank of Finland). Mutual fund statistics: balance sheets of MMFs.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP.

8.2.2.3 Securities other than shares (F.3)

Debt securities (F.33)
i) Assets
Stocks: VIRATI balance sheet and Outstanding Credit Statistics of Statistics Finland, mutual fund statistics.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP. MMFs: change in stocks adjusted for holding gains/losses. Average yields of money market funds are used to estimate holding gains/losses.

ii) Liabilities
Stocks: VIRATI balance sheet
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP.

Financial derivatives (F.34)
i) Assets
Stocks: VIRATI balance sheet. Mutual fund statistics: balance sheets of MMFs.
Transactions: Recorded only on liability side (as a net amount).
ii) Liabilities
Stocks: VIRATI balance sheet.
Transactions: according to BoP. No data on transactions against residents (assumed to be negligible).

8.2.2.4 Loans (F.4)

i) Assets
Stocks: total from the VIRATI balance sheet and counterpart sector breakdown from additional VIRATI tables: claims on the public and public sector entities.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP.
ii) Liabilities
Stocks: total from the VIRATI balance sheet and counterpart sector breakdown from additional VIRATI tables: liabilities to the public and public sector entities.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP.

8.2.2.5 Shares and other equity (F.5)

Quoted shares (F.511)
i) Assets
Stocks: domestic holdings are obtained from book-entry securities register. The register includes data on all shares quoted in Helsinki stock exchange (holding sector breakdown is included for each share). BoP/IIP is the source for foreign holdings (portfolio equity investment).
Transactions: estimation based on book-entry securities register data. Foreign transactions according to BoP/IIP (portfolio equity investment).
ii) Liabilities
Stocks: book-entry securities register.
Transactions: share issues indicated by book-entry securities register data. Additional information from company press releases.

Unquoted shares and other equity (F.512+F.513)
i) Assets
Stocks: total from the VIRATI balance sheet and counterpart sector breakdown from additional tables.
Transactions: Domestic transactions according to separate information (usually negligible), foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: F512 and F.513 total from the VIRATI balance sheet and holding sector breakdown is determined through additional tables, which show the breakdown of holdings of the share capital, co-operative capital, or basic capital by owner. Valuation according to own funds at book value.
Transactions: new issues of shares and reinvested profits on FDI from BoP/IIP.

Mutual fund shares (F.52)
i) Assets
Stocks: Domestic holdings are obtained from mutual fund statistics, which includes data on holdings of all domestic mutual fund shares by holding sector. BoP/IIP is the source for foreign holdings.
Transactions: Estimation based on mutual fund data. Foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: mutual fund statistics, which includes data on holdings of all domestic mutual fund shares by type of fund (incl. MMFs) and by holding sector.
Transactions: mutual fund statistics, net subscriptions + property income received by funds - distributions - management fees paid by funds.

8.2.2.6 Insurance technical reserves (F.6)

i) Assets
Stocks: Counterpart data from liability side of insurance corporations. Insurance corporations' liability (F.62) is divided to counterpart sector according to premiums paid.
Transactions: Change in stocks.
ii) Liabilities
Not applicable.

8.2.2.7 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Stocks: VIRATI balance sheet - other accounts receivable/payable, accruals, etc. Mutual fund statistics - balance sheets of MMFs.
Transactions: domestic transactions as change in stocks, foreign transactions according to BoP.

8.2.3 Other financial intermediaries, except insurance corporations and pension funds (S.123)

Sub-sector S.123 covers financial corporations engaged in financial intermediation by incurring liabilities in forms other than receiving deposits and/or close substitutes for deposits. In addition, other mutual funds than money market funds, venture capital funds and holding companies of financial institutions are included.

8.2.3.1 Currency and deposits (F.2)

i) Assets
Stocks: FA's own inquiry and mutual funds statistics.
Transactions: change in stocks.
ii) Liabilities
Not applicable.

8.2.3.2 Securities other than shares (F.3)

Debt securities (F.33)
i) Assets
Stocks: FA's own inquiry, mutual funds statistics and BoP/IIP.
Transactions: mutual funds: domestic transactions change in stocks adjusted for holding gains/losses. Average yields of bond funds are used to estimate holding gains/losses. Other units: domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: FA's own inquiry and BoP/IIP.
Transactions: domestic transactions as change in stocks, foreign transactions according to BoP/IIP.

Financial derivatives (F.34)
i) Assets
Stocks: FA's own inquiry, mutual funds statistics and the balance of payments.
Transactions: recorded in liability side as net amounts.
ii) Liabilities
Stocks: FA's own inquiry, mutual funds statistics and the balance of payments.
Transactions: BoP/IIP, no data on transactions against residents.

8.2.3.3 Loans (F.4)

i) Assets
Stocks: FA's own inquiry, outstanding credit stock statistics, the balance of payments and the Finnish Venture Capital Associations statistics.
Transactions: domestic as change in stocks, foreign according to BoP/IIP.
ii) Liabilities
Stocks: FA's own inquiry, outstanding credit stock statistics
Transactions: domestic as change in stocks, foreign according to BoP/IIP.

8.2.3.4 Shares and other equity (F.5)

Quoted shares (F.511)
i) Assets
Stocks: domestic holdings are obtained from book-entry securities register. The register includes data on all shares quoted in Helsinki stock exchange (holding sector breakdown is included for each share). Mutual fund statistics is used for mutual funds.
Transactions: estimation based on book-entry securities register data. Foreign transactions according to BoP/IIP (portfolio equity investment).

ii) Liabilities
Stocks: book-entry securities register.
Transactions: share issues indicated by book-entry securities register data. Additional information from company press releases.

Unquoted shares and other equity (F.512+F.513)
i) Assets
Stocks: FA's own inquiry, mutual funds statistics and the Finnish Venture Capital Association's statistics. Book values.
Transactions: BoP/IIP, information on domestic transactions is more or less incidental.
ii) Liabilities
Stocks: FA's own inquiry. Valuation at own funds at book value.
Transactions: against RoW from BoP/IIP. Information on domestic transactions is more or less incidental.

Mutual fund shares (F.52)
i) Assets
Stocks: Domestic holdings are obtained from mutual fund statistics, which includes data on holdings of all domestic mutual fund shares by holding sector. BoP/IIP is the source for foreign holdings.
Transactions: Estimation based on mutual fund data. Foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: mutual fund statistics, which includes data on domestic (open-end) mutual funds' equity by type of fund and by holding sector. Close-end (venture capital) funds' equity is added through other sources.
Transactions, mutual fund statistics: +net subscriptions, + property income received by funds, - distributions, - management fees paid by funds.

8.2.3.5 Insurance technical reserves (F.6)

i) Assets
Not recorded (negligible)
ii) Liabilities
Not applicable.

8.2.3.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Stocks: FA's own inquiry
Transactions: change in stocks

8.2.4 Financial auxiliaries (S.124)

Sub-sector S.124 covers financial corporations and quasi-corporations which are principally engaged in auxiliary financial activities, that is to say activities closely related to financial intermediation, but which are not financial intermediation themselves. These corporations do not acquire financial assets by incurring liabilities on their own account.

Such corporations include stockbrokers, securities markets (such as stock exchanges), corporations rating credit information and creditworthiness, corporations arranging derivatives, and insurance brokers. The category also contains financial corporations managing mutual funds and organisations serving intermediation and insurance.

Coverage of sub-sector S.124 in the financial accounts is not full but rather good. As a rule, financial auxiliaries do not incur debts on their own account and, therefore, financial assets and liabilities of their balance sheets are insignificant. However, some units of this sector may have significant items, which are external to the balance sheet and on which no comprehensive statistics are available.

8.2.4.1 Currency and deposits (F.2)

i) Assets
Stocks: investment firms' and mutual fund companies' balance sheets.
Transactions: change in stocks.
ii) Liabilities
Not applicable.

8.2.4.2 Securities other than shares (F.3)

Debt securities (F.33)
i) Assets
Stocks: investment firms statistics
Transactions: change in stocks.
ii) Liabilities
Stocks: outstanding credit stock statistics.
Transactions: change in stocks.

8.2.4.3 Loans (F.4)

Assets/ Liabilities
Stocks: outstanding credit stock statistics and investment firms' balance sheets.
Transactions: change in stocks.

8.2.4.4 Shares and other equity (F.5)

Quoted shares (F.511)
i) Assets
Stocks: domestic holdings are obtained from book-entry securities register. The register includes data on all shares quoted in Helsinki stock exchange (holding sector breakdown is included for each share).
Transactions: estimation based on book-entry securities register data. Foreign transactions according to BoP/IIP (portfolio equity investment).
ii) Liabilities
Stocks: book-entry securities register.
Transactions: share issues indicated by book-entry securities register data. Additional information from company press releases.

Unquoted shares and other equity (F.512+F.513)
i) Assets
Stocks: investment firms' and fund management companies' balance sheets (book values).

Tansactions: change in stocks (negligible).
ii) Liabilities
Stocks: equity (own funds) of investment firms and fund management companies.
Transactions: change in stocks (negligible).

Mutual fund shares (F.52)
Stocks: Domestic holdings are obtained from mutual fund statistics, which includes data on holdings of all domestic mutual fund shares by holding sector. BoP/IIP is the source for foreign holdings.
Transactions: Estimation based on mutual fund data. Foreign transactions according to BoP/IIP.
ii) Liabilities
Not applicable.

8.2.4.5 Insurance technical reserves (F.6)

i) Assets
Not recorded (negligible)
ii) Liabilities
Not applicable.

8.2.4.6 Other accounts receivable and payable (F.7)

Assets/ Liabilities
Stocks: investment firms' and fund management companies' balance sheets: other accounts, advances and other accruals receivable/payable.

Transactions: change in stocks

8.2.5 Insurance corporations and pension funds (S.125)

S.125 consists of: insurance corporations (S.1251) and pensions funds (S.1252). S.1251 covers life and non-life insurance corporations, insurance associations and corporations engaged in individual voluntary pension insurance. S.1252 consists of voluntary pension funds and foundations. Pension insurance corporations, pension funds, pension societies and public corporations providing statutory or comparable employment pension security (TEL) are classified in sector social security funds.

8.2.5.1 Currency and deposits (F.2)

i) Assets
Stocks: insurance companies' and voluntary pension funds' balance sheets produced by the Insurance Supervisory Authority.
Transactions: change in stocks.
ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (F.3)

Debt securities (F.33)
i) Assets
Stocks: Investment Portfolio Inquiry for Insurance Companies produced by Federation of Finnish Financial Services and for voluntary pension funds by the Finnish Pension Alliance.
Transactions: net acquisitions from Investment Portfolio Inquiry.
ii) Liabilities
Stocks: outstanding credit stock statistics.
Transactions: change in stocks.

Financial derivatives (F.34)
i) Assets
Stocks: FA's own inquiry and BoP/IIP.
Transactions: recorded in liability side as net amounts
ii) Liabilities
Stocks: FA's own inquiry and BoP/IIP.
Transactions: BoP/IIP, no data on transactions against residents

8.2.5.3 Loans (F.4)

i) Assets
Stocks: Investment Portfolio Inquiry for Insurance Companies produced by Federation of Finnish Financial Services and for voluntary pension funds by the Finnish Pension Alliance.
Transactions: net acquisitions from Investment Portfolio Inquiry.
ii) Liabilities
Stocks: outstanding credit stock statistics.
Transactions: change in stocks for domestic transactions, BoP/IIP for foreign transactions.

8.2.5.4 Shares and other equity (F.5)

Quoted shares (F.511)
(i) Assets
Stocks: Investment Portfolio Inquiry for Insurance Companies produced by Federation of Finnish Financial Services and for voluntary pension funds by the Finnish Pension Alliance.
Transactions: net acquisitions from Investment Portfolio Inquiry, BoP/IIP.
ii) Liabilities
Stocks: book-entry securities register.
Transactions: share issues indicated by book-entry securities register data. Additional information from company press releases.

Unquoted shares and other equity (F.512+F.513)
i) Assets
Stocks: Investment Portfolio Inquiry for Insurance Companies produced by Federation of Finnish Financial Services and for voluntary pension funds by the Finnish Pension Alliance.
Transactions: net acquisitions from Investment Portfolio Inquiry.
ii) Liabilities
Stocks: Equity (own funds) of insurance companies from their balance sheet statistics produced by Insurance Supervisory Authority.
Transactions: against RoW from BoP/IIP, against residents according to separate information.

Mutual fund shares (F.52)
Stocks: Investment Portfolio Inquiry for Insurance Companies produced by Federation of Finnish inancial Services and for voluntary pension funds by the Finnish Pension Alliance.
Transactions: net acquisitions from Investment Portfolio Inquiry, BoP/IIP.
ii) Liabilities
Not applicable.

8.2.5.5 Insurance technical reserves (F.6)

Net equity of households in life insurance reserves and pension funds (F.61)
i) Assets
Not applicable.
ii) Liabilities
Stocks: obtained from balance sheets of insurance corporations (collected by the national insurance supervisory authority), and split between AF.611 and AF.612 in proportion to life and pension insurance savings provided by the Federation of Finnish Financial Services.
Transactions: according to change in claims reserves adjusted by holding gains/losses (which are included in profit/loss accounts).

Prepayments of insurance premiums and reserves for outstanding claims (F.62)
i) Assets
Not recorded (assumed to be negligible).
ii) Liabilities
Stocks: total stock (provisions for unearned premiums and outstanding claims) is obtained from balance sheets of insurance corporations collected by the national insurance supervisory authority.
Transactions: change in stocks.

8.2.5.6 Other accounts receivable and payable (F.7)

i) Assets
Stocks: insurance companies' and voluntary pension funds' balance sheets (other accounts, accruals and advances receivable/payable) produced by the Insurance Supervisory Authority.
Transactions: change in stocks.

8.3 General Government (S.13)

Sub-sector S.1311 comprises economic units belonging to State budgetary finances: ministries and State agencies and institutions, and ten extra-budgetary funds.

S.1313 local government comprises municipalities, joint-municipal bodies and the regional government of the Autonomous Territory of the Åland Islands. Also included are municipal non-profit institutions serving several municipalities, such as municipal central organisations and Helsinki Metropolitan Area Council (YTV). Not included are those units belonging to local government budgetary finances principally engaged in business activities like municipal quasi-corporations considered to be market producers. They belong to the category non-financial corporations.

S.13141 includes employment pension corporations, pension funds and foundations providing statutory employment pensions and supplementary additional pensions, and independent public institutions such as Local Government Pension Institution. In Finland, all employment pension institutions providing statutory employment pensions and supplementary additional pensions, if they fulfil the criteria of an independent institutional unit, are classified into social security funds in accordance with Eurostat's decision, because they are compulsory and collective by nature and because there's no individual risk in the schemes. The central government also controls the schemes by confirming annually the level of contributions and benefits. State Pension Fund is classified into S1311 Central government and not into employment pension schemes, even it is a part of the collective statutory employment pension system in Finland.

S.13149 includes units performing other social security tasks, such as the Social Insurance Institution and unemployment insurance system units. The category also includes sickness benefit, death benefit and severance pay funds.

8.3.2 Currency and deposits (F.2)

i) Assets
Stocks: central government bookkeeping accounts. S.1313 indirect (counterpart) data: MFI balance sheets for domestic and BoP/IIP for foreign deposits (negligible). S.1314 from Quarterly Investment Portfolio Inquiry for Pension Institutes and Social Insurance Institution's balance sheet.
Transactions: change in stocks. S.1313 foreign transactions according to BoP/IIP.

ii) Liabilities
Stocks: Bank of Finland, coins in circulation. Otherwise, not applicable.
Transactions: change in stocks.

8.3.3 Securities other than shares (F.3)

Debt securities (F.33)
i) Assets
Stocks: S.1311 main source is central government bookkeeping accounts, which includes information short-term and long-term bonds separately (AF.331 & AF.332). State pension fund's data is obtained from Quarterly Investment Portfolio Inquiry for Pension Institutes (TELA). S.1313 from balance sheets of municipalities and joint-municipal bodies (Local government finance statistics). S.1314 from Quarterly Investment Portfolio Inquiry for Pension Institutes and Statistics Finland's quarterly Outstanding Credit Stock Statistics.
Transactions: against residents as change in stocks, against RoW according to BoP/IIP. S.13141 from Quarterly Investment Portfolio Inquiry for Pension Institutes.
ii) Liabilities
Stocks: State Treasury's debt report, which includes information on short-term and long-term bonds issued in market value (also in nominal value). S.1313 from balance sheets of municipalities and joint-municipal bodies (Local government finance statistics). Outstanding local government short-term bonds at nominal value from Financial Markets Statistics of the Bank of Finland.
Transactions: new issues and redemptions are included in State Treasury's debt report. S.1313 change in stocks, long-term foreign transactions according to BoP/IIP.

Financial derivatives (F.34)
i) Assets
Stocks: according to BoP/IIP.
Transactions: net transactions are recorded in liability side.
ii) Liabilities
Stocks: value of currency swap contracts is recorded as a net amount in liability side. The source is BoP/IIP.
Transactions: according to BoP/IIP.

8.3.4 Loans (F.4)

i) Assets
Stocks: S.1311 main source for the assets side is Central government bookkeeping accounts. S.1313 from balance sheets of municipalities and joint-municipal bodies (Local government finance statistics). Accrued interest is not included. S.13141 from Quarterly Investment Portfolio Inquiry for Pension Institutes.
Transactions: change in stocks. S.1313 foreign transactions according to BoP/IIP.
ii) Liabilities
Stocks: main data source is the State Treasury debt report, which includes quarterly/monthly information short-term and long-term loans (F.41 & F.42). S.13141 from Statistics Finland's quarterly Outstanding Credit Stock Statistics.
Transactions: change in stocks.

8.3.5 Shares and other equity (F.5)

Quoted shares (F.511)
i) Assets
Stocks: Domestic holdings from book-entry securities register and the State Pension Funds Quarterly Investment Report. Foreign holdings: Balance of payments statistics. S.13141 from

Quarterly Investment Portfolio Inquiry for Pension Institutes (market values). S.13149 from book-entry securities register and FA's own inquiry.
Transactions: S.1311 according to information from State Ownership Steering body. The Investment Report is used for State pension fund. S.1313 estimation based on book-entry securities register data. Foreign transactions according to BoP/IIP (portfolio equity investment). S.13141 net acquisitions from Quarterly Investment Portfolio Inquiry for Pension Institutes.
ii) Liabilities
Not applicable. S.13141 stocks from FA's own inquiry (negligible).

Unquoted shares and other equity (F.512+F.513)
i) Assets
Stocks: Central government bookkeeping accounts. S.1313 domestic holdings through indirect data from liability side of NFCs, determined by combining enterprise group register data and balance sheet data of corporations on micro-level. BoP/IIP is the source for foreign holdings. Valuation is according to own funds at book value. Other equity of municipal quasi-corporations and joint-municipal bodies is obtained from balance sheets of joint-municipal bodies and municipal quasi-corporations.
Transactions: according to information from State Ownership Steering body, and investment statement in local government finance statistics.
ii) Liabilities
Stocks: other equity of joint-municipal bodies (treated as separate units inside local government). Data is obtained from their balance sheets (Local government finance statistics).
Transactions: investment statement in local government finance statistics (net acquisition of shares in joint-municipal bodies).

Mutual fund shares (F.52)
i) Assets
Stock: State Pension Fund Quarterly Investment Report. S.1313 domestic holdings are obtained from mutual fund statistics, and BoP/IIP is the source for foreign holdings. S.1314 from Quarterly Investment Portfolio Inquiry for Pension Institutes (market values).
Transactions: State Pension Fund Quarterly Investment Report. S.1313 estimation based on mutual fund data. Foreign transactions according to BoP/IIP, reinvested earnings are added from separate calculations (not included in BoP). S.1314 net acquisitions from Quarterly Investment Portfolio Inquiry for Pension Institutes, reinvested earnings added from separate calculations.
ii) Liabilities
Not applicable.

8.3.6 Insurance technical reserves (F.6)

Net equity of households in life insurance reserves and pension funds (F.61)
Assets/ Liabilities
Not applicable.

Prepayments of insurance premiums and reserves for outstanding claims (F.62)
i) Assets
Stocks: Counterpart data from liability side of insurance corporations. Insurance corporations' liability is divided to counterpart sector according to premiums paid.
Transactions: Change in stocks.

ii) Liabilities
Not applicable.

8.3.7 Other accounts receivable and payable (F.7)

Trade credits (F.71)
Assets/ Liabilities
Stocks: Central government bookkeeping accounts and BoP, balance sheets of municipalities and joint-municipal bodies. S.1314 from FA's own inquiry.
Transactions: change in stocks.

Other accounts receivable and payable (F.79)
Assets/ Liabilities
Stocks: Central government bookkeeping accounts. S.1313 from balance sheets of municipalities and joint-municipal bodies: accruals receivable on wages, interest, rent, etc. Time adjustments of taxes and EU subsidies are also recorded here. S.1314 from FA's own inquiry.
Transactions: change in stocks.

8.4 S.14 Households & S.15 Non-profit Institutions Serving Households (NPISH)

Household sector includes employers and other own-account workers; employees; recipients of property income, pensions and other transfer incomes; and institutional households. When the household's business activity is significant in scope and it can be separated into an independent unit, it is classified into the NFC sector. In general, double-entry accounts are kept on such activity. Regardless of the accounting method, the agreed criterion in practice is that employers and own-account workers employing less than two persons, on average, (including the entrepreneur) are classified as households. There are no direct data sources available for the sector, but indirect sources provide quite a comprehensive set of data.

Sector S.15 contains primarily data on foundations and the Finnish Evangelical Lutheran Church. Direct data sources exist only for Finnish Evangelic Lutheran Church and for most important foundations. Direct data sources are supplemented by indirect data sources and thus the coverage of the data from financial accounts point of view can still be considered as rather good.

8.4.1 Currency and deposits (F.2)

Currency (F.21)
i) Assets
Stocks: Counterpart data from liability side of S.121 and S.1311. S.14 is treated as a residual.
Transactions: change in stocks.
ii) Liabilities
Not applicable.

Deposits (F.22+F.29)
i) Assets
Stocks: indirect (counterpart) data: MFI balance sheets for domestic and BoP/IIP for foreign deposits. MFI balance sheets are provided by credit institution statistics (VIRATI joint data collection by Statistics Finland, Financial Supervisory agency FSA and Bank of Finland).

Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (F.3)

Short-term debt securities (F.331)
i) Assets
Stocks: Book-entry securities register for domestic assets. Foreign assets: BoP/IIP. FA's own inquiry for S.15.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Not applicable.

Long-term debt securities (F.332)
i) Assets
Stocks: Book-entry securities register for part of assets. S.14 is treated as a residual in liability side of central government sector. Foreign assets: BoP/IIP. FA's own inquiry for S.15.
Transactions: Domestic transactions as change in stocks, foreign transactions according to BoP/IIP.
ii) Liabilities
Not applicable.

Financial derivatives (F.34)
i) Assets
Stocks: Financial derivative holdings of households (employee stock options and other option rights) are covered from 2003 onwards. Data is obtained from book-entry securities register. Foreign derivative assets (negligible) come from BoP/IIP. This item is not significant for S.15.
Transactions: No data on transactions between residents, foreign transactions according to BoP/IIP.
ii) Liabilities
Not applicable.

8.4.3 Loans (F.4)

Split to short-term (F.41) and long-term loans (F.42) is made from 2004 onwards.

Short-term loans (F.41)
i) Assets
Not applicable.
ii) Liabilities
Stocks: indirect (counterpart) data from credit institution statistics (MFI balance sheets).
Transactions: change in stocks.

Long-term loans (F.42)
i) Assets

Stocks: indirect (counterpart) data from credit institution statistics (MFI balance sheets). FA's own inquiry is the source for S.15.
Transactions: change in stocks.
ii) Liabilities
Stocks: indirect (counterpart) data from credit institution statistics (MFIs) and outstanding credit stock statistics (other financial corporations and government sector).
Transactions: change in stocks.

8.4.4 Shares and other equity (F.5)

Quoted shares (F.511)
i) Assets
Stocks: Domestic holdings are obtained from book-entry securities register. The register includes data on all shares quoted in Helsinki stock exchange (holding sector breakdown is included for each share). BoP/IIP is the source for foreign holdings (portfolio equity investment).
Transactions: Estimation based on book-entry securities register data. Foreign transactions according to BoP/IIP (portfolio equity investment).
ii) Liabilities
Not applicable.

Unquoted shares (F.512)
i) Assets
Stocks: Micro allocation method is used on liability side of corporations. Household sector is treated as residual there. FA's own inquiry is used for S.15. BoP/IIP is the source for foreign holdings (direct equity investment). Valuation is according to own funds at book value.
Transactions: Residual on liability side of non-financial corporations. May be subject to further (discrepancy) adjustments. BoP/IIP (direct equity investments) is used for foreign transactions.
ii) Liabilities
Not applicable.

Other equity (F.513)
i) Assets
Stocks: Micro allocation method is used on liability side of corporations. Household sector is treated as residual there. FA's own inquiry is used for S.15. Valuation is according to own funds at book value.
Transactions: Residual on liability side of non-financial corporations.
ii) Liabilities
Not applicable.

Mutual fund shares (F.52)
i) Assets
Stocks: Domestic holdings are obtained from mutual fund statistics, which includes data on holdings of all domestic mutual fund shares by holding sector. BoP/IIP is the source for foreign holdings.
Transactions: Estimation based on mutual fund data. Foreign transactions according to BoP/IIP, where reinvested earnings are added from separate calculations (not included in BoP).
ii) Liabilities

Not applicable.

8.4.5 Insurance technical reserves (F.6)

Net equity of households in life insurance reserves and pension funds (F.61)

i) Assets
Stocks: Counterpart data from liability side of insurance corporations and voluntary pension funds. Part of this liability is allocated to RoW sector, and the rest (vast majority) is allocated to households.
Transactions: change in reserve stocks adjusted for holding gains/losses.
ii) Liabilities
Not applicable.

Prepayments of insurance premiums and reserves for outstanding claims (F.62)
i) Assets
Stocks: Counterpart data from liability side of insurance corporations. Insurance corporations' liability is divided to counterpart sectors according to premiums paid.
Transactions: change in stocks.
ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (F.7)

Trade credits (F.71)
i) Assets
Stocks: Negligible for S.14. FA's own inquiry is the source for S.15.
Transactions: change is stocks.
ii) Liabilities
Stocks: Best estimate / residual from asset side of counterpart sectors. This item may be used for adjusting discrepancy between S.111 and S14. FA's own inquiry is the source for S.15.
Transactions: change in stocks.

8.4.6.2 Other accounts receivable and payable (F.79)

i) Assets
Stocks: counterpart data. S.14 is often treated as a residual in liability side of other resident sectors. This item may be used also for adjusting discrepancy between S.111 and S14. FA's own inquiry is the source for S.15.
Transactions: change in stocks.
ii) Liabilities
Stocks: counterpart data. S.14 is often treated as a residual in liability side of other resident sectors. This item may be used also for adjusting discrepancy between S.111 and S14. Time adjustment of taxes is recorded here. FA's own inquiry is the source for S.15.
Transactions: change in stocks.

8.5 Rest of the world (S2)

Sector ROW shows assets and liabilities as well as financial transactions between resident and non-resident units. The criteria for the classification of resident/non-resident units are

equivalent with the balance of payments statistics. According to the sector definition, an establishment of a domestic unit, such as a bank, located abroad is included in the sector rest of the world. Correspondingly, a foreign corporation's branch in Finland is included in the domestic economy.
BoP and IIP statistics (IIP) statistics are the primary sources for the ROW sector. RoW is not fully in line with BoP/IIP due to some conceptual differences and the use of alternative sources. In some cases RoW is treated as a residual in counterpart sector's calculations. BoP/IIP data includes domestic counterpart sector breakdown.

8.6.1 Monetary gold and SDRs (F.1)

i) Assets
Data source is BoP/IIP (central bank balance sheets).
ii) Liabilities
Not applicable.

8.6.2 Currency and deposits (F.2)

Currency (F.21)
i) Assets
Stocks: Estimated by the ECB
Transactions: change in stocks.
ii) Liabilities
Stocks: From MFI balance sheets
Transactions: change in stocks.

Deposits (F.22+F.29)
i) Assets
Stocks: indirect (counterpart) data: MFI balance sheets provided by credit institution statistics (VIRATI joint data collection by Statistics Finland, Financial Supervisory agency FSA and Bank of Finland). Accrued interest is not included. Classification of MFI loans and deposits differs from that of BoP/IIP.
Transactions: change of stocks adjusted for holding gains/losses (currency rate movements) according to BoP/IIP.
ii) Liabilities
Stocks: BoP/IIP for counterpart sectors other than MFIs, for which MFI balance sheets are used, provided by credit institution statistics (VIRATI joint data collection by Statistics Finland, Financial Supervisory agency FSA and Bank of Finland). Accrued interest is not included. Classification of MFI loans and deposits differs from that of BoP/IIP.
Transactions: BoP/IIP for counterpart sectors other than MFIs. MFIs: change of stocks adjusted for holding gains/losses (currency rate movements) according to BoP/IIP.

8.6.3 Securities other than shares (F.3)

Short-term debt securities (F.331)
i) Assets
Stocks: BoP/IIP as a main rule. Some adjustments may have to be made, like for central government liabilities.
Transactions: BoP/IIP as a main rule.
ii) Liabilities

Stocks and transactions: BoP/IIP.

Long-term debt securities (F.332)
i) Assets
Stocks and transactions: BoP/IIP as a main rule. Some adjustments may have to be made, like for central government liabilities (bonds).
ii) Liabilities
Stocks and transactions: BoP/IIP as a main rule.

Financial derivatives (F.34)
i) Assets
Stocks: BoP/IIP. Central government's financial derivative positions are netted and shown only in asset side of RoW.
Transactions: BoP/IIP.
ii) Liabilities
Stocks: see assets.
Transactions: Netted amounts are shown in asset side.

8.6.4 Loans (F.4)

Split to short-term (F.41) and long-term loans (F.42) is made from 2004 onwards.

Short-term loans (F.41)
i) Assets
Stocks and transactions: BoP/IIP as a main rule. Some adjustments may have to be made, like for central government liabilities.
ii) Liabilities
Stocks and transactions: BoP/IIP as a main rule.

Long-term loans (F.42)
i) Assets
Stocks: BoP/IIP for counterpart sectors other than MFIs, for which MFI balance sheets are used. MFI balance sheets are provided by credit institution statistics (VIRATI joint data collection by Statistics Finland, Financial Supervisory agency FSA and Bank of Finland). Accrued interest is not included. Classification of MFI loans and deposits differs from that of BoP/IIP.
Transactions: change of stocks adjusted for holding gains/losses (currency rate movements) according to BoP/IIP.
ii) Liabilities
Stocks: see assets.
Transactions: BoP/IIP for counterpart sectors other than MFIs. MFIs: change of stocks adjusted for holding gains/losses (currency rate movements) according to BoP/IIP.

8.6.5 Shares and other equity (F.5)

Quoted shares (F.511)
i) Assets
Stocks: Foreign holdings are obtained from book-entry securities register. The register includes data on all shares quoted in Helsinki stock exchange (holding sector breakdown is included for each share). Nominee-registered shares are allocated to RoW.

Transactions: Estimation based on book-entry securities register data.
ii) Liabilities
Stocks and transactions: BoP/IIP as a main rule. Some adjustments may have to be made, like for social security holdings.
Unquoted shares (F.512)
Assets/ Liabilities
BoP/IIP direct equity investment, from which quoted shares are subtracted according to separate information. Valuation of stocks is according to own funds at book value.

Other equity (F.513)
i) Assets
Stocks: Counterpart data from liability side of non-financial corporations. Valuation is according to own funds at book value.
Transactions: Assumed to be negligible.
ii) Liabilities
Stocks and transactions: BoP/IIP.

Mutual fund shares (F.52)
i) Assets
Stocks: RoW holdings are obtained from mutual fund statistics, which includes data on holdings of all domestic mutual fund shares by holding sector.
Transactions: Estimation based on mutual fund data. Reinvested earnings are added from separate calculations.
ii) Liabilities
Stocks: BoP/IIP as a main rule. Some adjustments may have to be made, like for social security holdings.
Transactions: BoP/IIP as a main rule. Some adjustments may have to be made, like for social security holdings. Reinvested earnings are added to from separate calculations (not shown in BoP).

8.6.6 Insurance technical reserves (F.6)

Net equity of households in life insurance reserves and pension funds (F.61)
i) Assets
Stocks: Counterpart data from liability side of insurance corporations and voluntary pension funds. The liability is divided to counterpart sectors (households and RoW) in proportion to premium payments.
Transactions: change in reserve stocks adjusted for holding gains/losses.
ii) Liabilities
No data (negligible).

Prepayments of insurance premiums and reserves for outstanding claims (F.62)
i) Assets
Stocks: Counterpart data from liability side of insurance corporations. Insurance corporations' liability is divided to counterpart sectors (including RoW) in proportion to premium payments.
Transactions: change in stocks.
ii) Liabilities
No data (negligible).

8.6.7 Other accounts receivable and payable (F.7)

Trade credits (F.71)
Assets/ Liabilities
Stocks: BoP/IIP for S.111, counterpart data for other sectors.
Transactions: S.111 according to BoP/IIP, others as change in stocks.

Other accounts receivable and payable (F.79)
Assets/ Liabilities
Stocks: BoP/IIP for S.111, counterpart data for other sectors.
Transactions: S.111 according to BoP/IIP, others as change in stocks.

Chapter 20: Annual financial accounts sources and methods: Switzerland

1. Institutional arrangements

The Swiss financial accounts are compiled by a joint working group comprising representatives of the Swiss National Bank (SNB) and the Swiss Federal Statistical Office (SFSO), under the leadership of the SNB Statistics unit.

2. Publication

The Swiss financial accounts are published annually in November in two parts: a press release with figures for the household and NPISH sector for the previous year (T-1) and a report on the financial accounts for all sectors with data up to T-2. Publications are available online at http://www.snb.ch/en/iabout/pub.

Stocks of financial assets and liabilities are available for all sectors. The financial auxiliaries sub-sector (S.124) is included in the other financial intermediaries sub-sector (S.123). Time series for stocks start in 1999. Transactions are available only for the non-financial corporations sector, general government sector, and households and NPISH sector. Time series for transactions start in 2000.

3. Production cycle

The data used for compiling the financial accounts are drawn from a number of sources, which generally serve other purposes and are often compiled according to different principles. Globally speaking, almost no statistical data are compiled solely for the financial accounts, with the result that the data need to be reworked before they can be used for this purpose. The fact that the financial accounts are dependent upon various different data sources also explains the relatively long delay in publishing the financial accounts.

In the event of modifications to the methodology or revisions to the statistical sources, the data for the entire time period will, in principle, be revised. Modifications to the methodology are described in the reports on the financial accounts.

4. Balancing the accounts

Balancing financial instruments across sectors: for currency and deposits (F.2), loans (F.4), insurance technical reserves (F.6) and other accounts receivable/payable (F.7) the data sources for S.12 and for S.13, along with some estimates, are used to compile data for S.11, S.14+S.15, and S.2. This compilation method implies consistency within the financial instruments to a large extent. To achieve full consistency, some adjustments are necessary since the data sources for S.12 and S.13 are not mutually consistent. For securities other than shares (F.3) the liabilities of S.11 are calculated as the sum of all securities issued by domestic borrowers and held by the different sectors according to the data on assets minus the securities issued by general government and financial corporations according to the data on liabilities of these sectors. This residual calculation for liabilities of S.11 implies consistency within the

financial instrument. In the case of shares and other equity (F.5) the liabilities of the total economy (S.1) are calculated as the sum of all securities issued by domestic borrowers and held by the different sectors according to the data on assets. Thus, consistency within the financial instrument is ensured.

Net lending/net borrowing: theoretically, the figure for net lending /net borrowing stated in the financial accounts should correspond to the equivalent figure stated in the national accounts drawn up by the SFSO. In practice, however, the two net lending/net borrowing figures diverge due to differing source data and certain gaps in the data. Exceptionally large discrepancies give rise to additional plausibility checks in data sources which occasionally lead to some adjustments. Beyond this, there is currently no attempt to reduce or even eliminate the discrepancies.

5. Consolidation issues

Separate non-consolidated and consolidated financial accounts are currently produced for the General government sector (S.13) and its sub-sectors S.1311 to S.1314 only. In the other sectors, data are recorded in the same manner as in the statistical sources. In other words, most are not consolidated. However, the use of counterpart information implies that several positions are available on a consolidated basis only.

6. Plausibility checks

The figures in the Swiss Financial Accounts undergo several of checks prior to publication. Bridging tables to other publications are constructed (i.e. Banks in Switzerland, SNB Annual Report, government accounts, BOP, IIP). Moreover, the results of the residual calculations for securities other than shares (F.3) and for shares and other equity (F.5) mentioned in section 4 are compared with figures from SIX Swiss Exchange. Finally, the numbers on net lending / net borrowing stated in the financial accounts are compared to the equivalent figures stated in the national accounts drawn up by the SFSO (see section 4).

7. Ongoing or planned changes to FA production

Work on transactions for the financial corporations sector and the ROW is ongoing. At present, comprehensive statistics for Swiss public finances that conform to international standards are not available. The Federal Finance Administration (FFA) is currently adjusting the financial statistics to the IMF *Government Finance Statistics Manual*. The new financial statistics should be available as of 2010 (2008 accounting year). For the time being the SFSO, in collaboration with the FFA, is preparing special analyses of the existing statistical sources for the financial accounts.

8. Sources and methods by institutional sector and financial instrument

The Swiss financial accounts are compiled in accordance with ESA 95. The most important statistical sources are:

- bank balance sheets,
- securities survey statistics (securities holdings in bank custody accounts in Switzerland),
- the balance sheets of insurance corporations and pension funds,
- direct investment statistics,
- statistics on corporations' foreign assets and liabilities,
- statistics on public finances and financial market data.

Sources and methods are described in detail in every report on the financial accounts, see http://www.snb.ch/en/iabout/stat/statpub/finacc/id/statpub_finacc_actual.

The statistical sources are satisfactory as regards the financial relationships between the various sectors and the banks in Switzerland, as well as the corporations' financial relationships with the rest of the world. Areas with data gaps include the shares of small and medium-sized enterprises as well as trade credits. In addition, data for municipalities are incomplete. As a result of these gaps, a number of positions have been underestimated.

It should be noted that in the national publication of the Swiss Financial Accounts, structured products are recorded as a separate financial instrument. In the data transmitted to Eurostat, structured products are included as a sub-instrument of F.33.

8.1 Non-financial corporations (S.11)

The NFC sector comprises corporations and partnerships which provide the market with goods and non-financial services as their principal activity. Sole proprietorships and self-employed individuals are only considered part of this sector if their business activities can be distinguished from their household activities; otherwise they are considered part of households. NFCs also include public enterprises – such as Swiss Federal Railways (SBB/CFF) and Swiss Post – that sell their products on the market.

Data for the NFC sector was taken from cross-sector statistics and counterparty information. With the exception of figures for the PostFinance postal accounts, there are no direct data on the financial assets and liabilities of NFCs.

Transactions in the financial assets of NFCs are generally estimated using the changes in stock figures. Revaluations resulting from market price and exchange rate movements are also taken into account.

8.1.1 Currency and deposits (AF.2)

The figures on currency holdings are estimates. In order to obtain these, the first step is to divide the figure for banknotes and coins in circulation into a transactions element and a hoarding element. This division is based on internal SNB data on the issue and recovery of banknotes. In a second step, the transaction and hoarding stocks are allocated to the different sectors.

(i) Assets
AF.21: Cash held by Swiss Post, and denominated in Swiss francs, as per the Swiss Post annual report. Cash held by other non-financial corporations, and denominated in Swiss francs, as per SNB estimate.
AF.22: Transferable deposits with commercial banks in Switzerland, as per sectoral classification of bank balance sheets. Transferable deposits with PostFinance, as per SNB estimates.
AF.29: Other deposits with commercial banks in Switzerland and fiduciary investments abroad, as per sectoral classification of bank balance sheets. Other deposits with PostFinance, as per SNB estimates.
(ii) Liabilities
AF.22: Transferable deposits with PostFinance (postal accounts), as per the Swiss Post annual report.
AF.29: Other PostFinance liabilities (Deposit accounts, investment accounts, time deposits), as per the Swiss Post annual report.

8.1.2 Securities other than shares (AF.3)

(i) Assets
AF.331: Money market paper issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
AF.332: Medium-term bank-issued notes and bonds issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics. Bonds issued by foreign borrowers that are not held in custody accounts at domestic bank offices, as per surveys on the BOP and the IIP.
(ii) Liabilities
NFC liabilities in the form of short- and long-term debt securities are recorded as a residual value. The calculation process takes as its point of departure the fact that the sum of all debt securities issued by domestic borrowers and held by the different sectors is identical to the sum of securities issued by domestic borrowers. Minus the securities issued by financial corporations and general government gives a residual value which is considered a liability of NFCs.
Transactions in long-term debt securities are calculated using SNB capital market statistics.

8.1.3 Loans (AF.4)

(i) Assets
Loans to associates and third parties abroad, as per surveys on the BOP and the IIP.
(ii) Liabilities
Loans by commercial banks in Switzerland, as per sectoral classification of bank balance sheets. Loans by associates and third parties abroad, as per surveys on the BOP and the IIP.
Transaction data for loans to associates abroad and for loans from associates abroad are taken from the BOP/IIP surveys.

8.1.4 Shares and other equity (AF.5)

(i) Assets
AF.51: Shares and participation certificates issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.

Equity securities issued by foreign borrowers that are not held in custody accounts at domestic bank offices, as per surveys on the BOP and the IIP. Participating interests abroad (stock and transaction data), as per surveys on the BOP and the IIP.
AF.52: Units in collective investment schemes issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
(ii) Liabilities
Liabilities in the form of shares and other equity (AF.51) are estimated in a two step procedure: first, total liabilities of NFCs and financial corporations in the form of domestic shares and other equity (AF.51) are derived from the asset side by using the identity that liabilities must equal financial assets. Second, the total is allocated to each of the two sectors using the market capitalisation of SIX Swiss Exchange.
Transactions in portfolio investment in the form of shares are calculated using SNB capital market statistics. Transaction data for participations abroad and for foreign participations in corporations in Switzerland are taken from the BOP/IIP surveys.

8.1.5 Insurance technical reserves (AF.6)

(i) Assets
AF.62: The compilation of this position is outlined in the insurance corporations and pension funds sub-sector (S.125), under the appropriate category.
(ii) Liabilities
Not applicable.

8.1.6 Other accounts receivable and payable (AF.7)

(i) Assets
No data available.
(ii) Liabilities
Net liabilities of NFCs towards general government, as per SNB estimate.

8.2 Financial corporations (S.12)

This sector covers corporations and partnerships principally engaged in financial intermediation or in auxiliary financial activities. This sector is divided into five sub-sectors. These include the Swiss National Bank (S.121) and commercial banks (S.122), although the latter subsector comprises solely the financial assets and liabilities of bank offices in Switzerland. Swiss investment funds, mortgage bond institutions and other finance companies, in particular those operating in the area of long-term financing, are recorded under other financial intermediaries (S.123). Given the availability of data, the ESA 95 financial auxiliaries sub-sector (S.124) is currently recorded together with OFIs. In Switzerland, the insurance corporations and pension funds sub-sector (S.125) covers life insurance, non-life insurance and reinsurance companies – which are supervised by the Swiss Financial Market Supervisory Authority (FINMA) – as well as the Swiss Accident Insurance Fund (Suva), health insurance companies and pension funds.

In principle, the financial assets and liabilities of S.12 corresponds to the sum of the financial assets and liabilities of the sub-sectors. The liabilities in the form of shares and other equities are the only exception – given the availability of data, they can only be estimated for the sector as a whole. For additional information, see section 8.1.4.

8.2.1 The Central Bank (S.121)

All Swiss National Bank (SNB) financial assets and liabilities are recorded in this sub-sector. The stabilisation fund, which was founded in 2008, is consolidated with the SNB. The figures on stocks were gleaned from the Annual Report and entered in the correct categories, in some cases with the aid of additional data from the SNB's central accounting unit. Transactions are calculated on the basis of changes in stocks, internal turnover data and the SNB's income statement.

The SNB is a special-statute joint-stock company listed on the stock exchange. Under the National Bank Act, the dividend may not exceed 6% of the equity capital. Irrespective of share ownership, central government and the cantons are entitled to the remaining net profit. Consequently, the capitalisation on SIX Swiss Exchange reflects the heavily restricted property rights of the shareholders. Equity capital also includes the distribution reserve, the annual result and provisions for reserve assets.
Based on the National Bank Act, the distribution reserve and the annual result represent a share on the part of central government (one-third) and the cantons (two-thirds) in the SNB's equity capital. ESA 95 makes no explicit mention of how provisions for reserve assets are to be handled in the financial accounts. However, this is outlined in the *ESA95 Manual on government deficit and debt*, according to which, provisions for reserve assets are to be viewed as public wealth (represented by general government in the national accounts). In the case of Switzerland, however, it is not clear to which sub-sector of government the provisions for reserve assets should be allocated (central government, cantons, municipalities or social security funds). In the financial accounts, the provisions for reserve assets are treated in the same manner as the distribution reserve and the annual result, i.e. as a share on the part of the central government (one-third) and the cantons (two-thirds) in the SNB's equity capital.

For the calculation of transactions on equity capital, the SNB's distributions to central government and the cantons are divided into property income and capital repayments. According to the *ESA95 manual on government deficit and debt*, the relationship between the size of the distributions and the SNB's result is relevant for the manner in which they are recorded in the accounts. In this respect, two different cases should be distinguished. If the distribution is lower than the SNB's year-earlier result (not including capital gains and losses), the total amount is stated outside the financial accounts as property income of central government and the cantons. If the distribution is higher than the SNB's year-earlier result, the amount of the result is stated as property income. The amount exceeding the result is regarded as a capital repayment and entered in the financial accounts as a financial transaction.

8.2.2 Commercial banks (S.122)

The balance sheets of bank offices in Switzerland form the key source of data for commercial banks' financial assets and liabilities. Other sources are used for certain items. All branches and subsidiaries of international Swiss banks outside Switzerland are allocated to the rest of the world.

Transactions of Commercial banks are only available for deposits (F.2) and loans (F.4). They are estimated using changes in stocks. For foreign currency-denominated items, the revaluations resulting from exchange rate movements are also taken into account.

8.2.2.1 Currency and deposits (AF.2)

(i) Assets
AF.21: Cash denominated in Swiss francs and other currencies, as per bank balance sheets.
AF.22: Transferable deposits with the SNB, as per the SNB Annual Report. Transferable deposits with other institutions, as per bank balance sheets.
AF.29: Claims against the SNB (excluding transferable assets), as per the SNB Annual Report. Claims (including mortgage claims) against domestic and foreign commercial banks, as per bank balance sheets.
(ii) Liabilities
AF.22: Liabilities towards the SNB, as per the SNB Annual Report. Liabilities towards commercial banks and resident and non-resident customers, as per bank balance sheets.
AF.29: Liabilities towards the SNB, as per the SNB Annual Report. Liabilities towards commercial banks (including mortgages) and resident and non-resident customers, as per bank balance sheets.

8.2.2.2 Securities other than shares (AF.3)

(i) Assets
AF.331: Money market paper issued by domestic and foreign borrowers, as per bank balance sheets.
AF.332: Bonds issued by domestic and foreign borrowers in securities trading portfolios and financial investments, as per bank balance sheets.
AF.34: Positive replacement values, as per bank balance sheets (data as of 2004). Until 2003, includes only counterpart values corresponding to SNB and general government items.
(ii) Liabilities
AF.331: Liabilities from money market paper, as per bank balance sheets.
AF.332: Medium-term bank-issued notes and bonds, as per bank balance sheets. SIX Swiss Exchange data is used for market value adjustments to bonds.
AF.34: Negative replacement values, as per bank balance sheets (data as of 2004). Until 2003, includes only counterpart values corresponding to SNB and general government items.

8.2.2.3 Loans (AF.4)

(i) Assets
Claims (including mortgage claims) against customers, as per bank balance sheets. Valuation adjustment is made using lending statistics (plus provisions relating directly to loans).
(ii) Liabilities
Loans by the SNB, as per the SNB Annual Report. Loans by mortgage bond institutions and central issuing houses, as per bank balance sheets.

8.2.2.4 Shares and other equity (AF.5)

(i) Assets
AF.51: Shares issued by domestic and foreign borrowers in securities trading portfolios and financial investments, as per bank balance sheets. Participating interests in Switzerland, as per bank balance sheets (book value). Participating interests abroad, as per direct investment statistics.

AF.52: Units in collective investment schemes issued by domestic and foreign borrowers in securities trading portfolios and financial investments, as per bank balance sheets.
(ii) Liabilities
See section 8.1.4.

8.2.2.5 Other accounts receivable / payable F.7

No data available.

8.2.3 Other financial intermediaries (S.123)

The OFIs sector comprises Swiss investment funds, mortgage bond institutions and other finance companies, in particular those operating in the area of long-term financing. Given the availability of data, the financial auxiliaries sub-sector (S.124) is currently recorded together with OFIs. Most of the information on the financial assets and liabilities of OFIs is taken from cross-sector sources and from counterparty information.

Transactions of Other financial intermediaries are only available for deposits (F.2) and loans (F.4). They are estimated using changes in stocks. For foreign currency-denominated items, the revaluations resulting from exchange rate movements are also taken into account.

8.2.3.1 Currency and deposits (AF.2)

(i) Assets
AF.22: Transferable deposits with commercial banks in Switzerland, as per sectoral classification of bank balance sheets and PostFinance. Transferable deposits abroad: Deposits by Swiss investment funds, as per investment fund statistics.
AF29: Other deposits with commercial banks in Switzerland, as per sectoral classification of bank balance sheets and PostFinance. Other deposits abroad: Time deposits by Swiss investment funds, as per investment fund statistics; fiduciary investments by other financial intermediaries, as per sectoral classification of bank balance sheets.
(ii) Liabilities
AF.22: Commercial bank balances at clearing houses, as per bank balance sheets.

8.2.3.2 Securities other than shares (AF.3)

(i) Assets
AF.331: Money market paper issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
AF.332. Medium-term bank-issued notes and bonds issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics. Bonds issued by foreign borrowers that are not held in custody accounts at domestic bank offices, as per surveys on the BOP and the IIP.
(ii) Liabilities
AF.332: Bonds issued by mortgage bond institutions, as per banking statistics. SIX Swiss Exchange data used for market value adjustments. Bonds issued abroad, as per surveys on the BOP and the IIP.

8.2.3.3 Loans (AF.4)

(i) Assets
Loans to banks by mortgage bond institutions and central issuing houses, as per bank balance sheets. Non-bank claims against households, arising out of automobile leasing, as per statistics of the Swiss Leasing Association.
Loans to associates and third parties abroad, as per surveys on the BOP and the IIP.
(ii) Liabilities
Loans by commercial banks in Switzerland, as per sectoral classification of bank balance sheets. Loans by associates and third parties abroad, as per surveys on the BOP and the IIP.

8.2.3.4 Shares and other equity (AF.5)

(i) Assets
AF.51: Shares and participation certificates issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics. Equity securities issued by foreign borrowers that are not held in custody accounts at domestic bank offices, as per surveys on the BOP and the IIP. Participating interests abroad, as per surveys on the BOP and the IIP.
AF52: Units in collective investment schemes issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
(ii) Liabilities
Total claims of all sectors in the form of units in collective investment schemes issued by domestic borrowers.

8.2.5 Insurance corporations and pension funds (S.125)

This sub-sector covers life insurance, non-life insurance and reinsurance companies – which are supervised by the Swiss Financial Market Supervisory Authority (FINMA) – as well as the Swiss Accident Insurance Fund (Suva), health insurance companies and pension funds. FINMA publishes comprehensive information on Swiss insurance corporations in its annual insurance statistics. However, since many of these figures include stocks of branches abroad, which are regarded as the ROW in financial accounts, they cannot be used directly when compiling the accounts. The SFSO pension fund statistics are the major statistical source for pension funds. Until 2002, these statistics were compiled for even years only, so that estimates were required for the odd years until 2003. As of 2004, the surveys have been conducted annually. The Federal Act on Health Insurance completes the data.

Transactions of Insurance corporations and pension funds are only available for deposits (F.2) and loans (F.4) and insurance technical reserves (F.6). For deposits and loans, they are estimated using changes in stocks. For foreign currency-denominated items, the revaluations resulting from exchange rate movements are also taken into account. Transactions for insurance technical reserves are described in the respective instrument.

8.2.5.1 Currency and deposits (AF.2)

(i) Assets
AF.22: Transferable deposits with commercial banks in Switzerland, as per sectoral classification of bank balance sheets. Transferable deposits with PostFinance, as per SNB estimates.

AF.29: Other deposits with commercial banks in Switzerland and fiduciary investments abroad, as per sectoral classification of bank balance sheets. Other deposits with PostFinance, as per SNB estimates.
(ii) Liabilities
Not applicable.

8.2.5.2 Securities other than shares (AF.3)

(i) Assets
AF.331: Money market paper issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
AF.332: Insurance corporation investments: Medium-term bank-issued notes and bonds issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics. Long-term securities issued by foreign borrowers that are not held in custody accounts at domestic bank offices, as per surveys on the BOP and the IIP. Investments by the Swiss Accident Insurance Fund (Suva) in long-term securities issued by domestic and foreign borrowers, as per the Suva annual report.
Pension fund investments: Direct investments in bonds and medium-term bank-issued notes issued by domestic and foreign borrowers, as per pension fund statistics.
(ii) Liabilities
Bonds quoted on SIX Swiss Exchange, as per SIX Swiss Exchange statistics. Insurance corporation bonds issued abroad, as per surveys on the BOP and the IIP.

8.2.5.3 Loans (AF.4)

(i) Assets
AF.4: Domestic borrowers: Insurance corporation mortgage claims, as per insurance statistics. Pension fund mortgage claims, as per pension fund statistics. Pension fund claims against central government and the cantons, as per statistical analyses for general government.
Loans by insurance corporations to entities abroad, as per surveys on the BOP and the IIP.
(ii) Liabilities
Loans by commercial banks in Switzerland, as per sectoral classification of bank balance sheets. Loans from entities abroad, as per surveys on the BOP and the IIP.

8.2.5.4 Shares and other equity (AF.5)

(i) Assets
AF.51: Insurance corporations: Shares and participation certificates issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics. Shares issued by foreign borrowers that are not held in custody accounts at domestic bank offices, as per surveys on the BOP and the IIP. Investments by Suva in equity securities issued by domestic and foreign borrowers, as per the Suva annual report. Pension funds: Direct holdings of domestic and foreign shares and participation certificates, as per pension fund statistics. Participating interests abroad held by insurance corporations, as per surveys on the BOP and the IIP.
AF.52: Insurance corporation holdings of units in collective investment schemes held in custody accounts at bank offices in Switzerland, as per securities survey statistics. Collective (indirect) investments by pension funds, as per pension fund statistics.
(ii) Liabilities
No data available.

8.2.5.5 Insurance technical reserves (AF.6)

(i) Assets
No data available.
(ii) Liabilities
AF.61: Gross premium reserves and allocated policyholder dividends from single and collective insurance contracts, as well as premium reserves relating to unit-linked life insurance contracts, as per FINMA insurance statistics. Tied and untied pension fund capital and equalisation reserves, as per pension fund statistics. Funding gap in the central government pension fund for 2000–2002, as per message on the government accounts, since this funding gap was not included in the actuarial reserve stated in the pension fund statistics. All net equity in life insurance contracts (single and unit-linked insurance contracts) is shown as financial assets held by S.14. Net equity in pension funds (including collective insurance contracts with life insurance corporations) is divided between S.14 and S.2 on the basis of the premiums and benefits attributable to these two sectors in 2002. This gives a ratio of 90% to 10% (households to ROW).
Transactions are calculated on the basis of premiums and pension fund contributions, investment income, pensions and capital withdrawals as well as repurchases, as per FINMA insurance statistics and pension fund statistics.
AF.62: Insurance prepayments and reserves for outstanding claims arising from direct non-life Swiss insurance business, as per FINMA insurance statistics. Insurance technical reserves from reinsurance business abroad, as per surveys on the BOP and the IIP. Insurance technical reserves for Suva and health insurance companies, as per their balance sheets. All claims against Suva and health insurance companies are shown as financial assets held by S.14. Non-life insurance reserves are divided up on the basis of premiums and benefits in 2002 (households 75%, NFCs 25%); the shares of the remaining sectors are minimal and therefore not taken into account. Provisions relating to business with ROW are equivalent to financial assets for the ROW.
Transactions are estimated using changes in stocks.

8.3 General government (S.13)

The sector comprises institutional units that provide the general public with non-market goods and services and are primarily engaged in redistributing income or national wealth, as well as social security funds. The general government sector is subdivided into four sub-sectors comprising central government (Swiss Confederation) (S.1311), cantons (S.1312), municipalities (S.1313) and social security funds (S.1314). The central government sub-sector includes not only the Swiss Federal Administration, but also the Swiss Alcohol Board, the fund for large-scale railway projects and the Swiss Federal Institutes of Technology (ETH Zurich/EPFL). The Swiss social security funds comprise old age and survivors' insurance (AHV/AVS), disability insurance (IV/AI), the fund for loss of earned income (EO/APG), unemployment insurance (ALV/AC) and maternity insurance in the canton of Geneva.

Data for the general government sector are drawn up by the SFSO in collaboration with the Federal Finance Administration (FFA).

Central government and cantons
The information on central government and the cantons is mainly derived from the government accounts and the FFA´s statistics on cantonal finances. For further information on

the item entitled share in SNB equity capital, see the explanatory notes on the SNB subsector (S.121).

Municipalities
Data on municipalities are incomplete. They only include deposits of municipalities with commercial banks, loans by commercial banks and social security funds to municipalities, and municipal bonds listed on SIX Swiss Exchange. The following serve as data sources: sectoral classification of bank balance sheets, internal data from the Old Age and Survivors´Insurance Fund (AHV/AVS) and the compensation fund for unemployment insurance (ALV/AC), and SIX Swiss Exchange statistics.

Social security funds
The AHV/AVS annual reports are the major statistical source for this sub-sector.

Note on the correlation with the FFA´s government finance statistics
The government finance statistics published by the Federal Finance Administration (FFA) were completely revised in 2010. In addition to statistics compiled in accordance with national statistical standards, data compiled in accordance with the IMF Government Finance Statistics Manual (GFSM 2001) are now also included. The GFSM 2001 is consistent with ESA95, which provides the basis for the Swiss financial accounts. Data for the general government sector in the financial accounts and the FFA´s financial statistics will not be harmonised until 2012, however, when a partial revision of Switzerland´s national accounts is planned.

8.4 Households and non-profit institutions serving households (S.14 + S.15)

This sector includes individuals in their function as consumers (employed, economically inactive and retired persons, as well as students and children), sole proprietorships and self-employed persons, provided their business activities cannot be distinguished from their household activities. Non-profit institutions serving households (NPISHs) are also covered by this sector. These non-market producers include, for example, trade unions, churches, political parties, recreational clubs and relief organisations.

The stocks of financial assets and liabilities of households and NPISHs are derived from cross-sector sources and from counterparty information. No direct data are available for this sector.
Transactions of households are generally estimated using the changes in stock figures. For securities (debt securities, shares, collective investment schemes, structured products), revaluations due to share price and exchange rate movements are taken into account.

8.4.1 Currency and deposits (AF.2)

(i) Assets
AF.21: The figures on currency holdings are estimates (see section 8.1.1).
AF.22: Transferable deposits with commercial banks in Switzerland, as per sectoral classification of bank balance sheets. Transferable deposits with PostFinance, as per SNB estimates.
AF.29: Other deposits with commercial banks in Switzerland and fiduciary investments abroad, as per sectoral classification of bank balance sheets. Other deposits with PostFinance, as per SNB estimates.

(ii) Liabilities
Not applicable.

8.4.2 Securities other than shares (AF.3)

(i) Assets
AF.331: Money market paper issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
AF.332: Medium-term bank-issued notes and bonds issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
(ii) Liabilities
Value negligible.

8.4.3 Loans (AF.4)

(i) Assets
No data available.
(ii) Liabilities
Loans by commercial banks in Switzerland, as per bank balance sheets (including liabilities from automobile leasing). Mortgages issued by insurance corporations, as per insurance statistics compiled by FINMA. Mortgages issued by pension funds, as per pension fund statistics compiled by the SFSO. Leasing liabilities towards non-banks arising out of private automobile leasing arrangements, as per statistics issued by the SLV/ASSL.

8.4.4 Shares and other equity (AF.5)

(i) Assets
AF.51: Shares and participation certificates issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
AF.52: Units in collective investment schemes issued by domestic and foreign borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
(ii) Liabilities
Value negligible.

8.4.5 Insurance technical reserves (AF.6)

(i) Assets
Compilation of this item is outlined in the insurance corporations and pension funds sub-sector (S.125), under section 8.2.5.5.
Transactions relating to net equity in life insurance reserves and pension fund reserves (F.61) are calculated on the basis of premiums and pension fund contributions, investment income, pensions and capital withdrawals as well as repurchases, as per FINMA insurance statistics and pension fund statistics.
(ii) Liabilities
Not applicable.

8.4.6 Other accounts receivable and payable (AF.7)

(i) Assets
No data available.
(ii) Liabilities
Net liabilities of households towards general government, as per SNB estimate.

8.5 Rest of the world (S2)

This sector incorporates all foreign (non-resident) units which effect transactions with domestic (resident) units or have financial claims against or liabilities towards domestic units. Financial assets and liabilities are classified from the perspective of the foreign units.

In the Swiss financial accounts, all branches and subsidiaries of international Swiss banks outside Switzerland are allocated to the ROW. Also, a significant proportion of the collective investment schemes sold in Switzerland form part of investment funds which, although they belong to Swiss banking groups, are domiciled in Luxembourg. Units in investment funds held by the ROW that have been issued by funds domiciled in the ROW do not appear in the financial accounts.

Transactions of ROW are only available for deposits (F.2) and loans (F.4) and insurance technical reserves (F.6). For deposits and loans, they are estimated using changes in stocks. For foreign currency-denominated items, the revaluations resulting from exchange rate movements are also taken into account. Transactions for insurance technical reserves are described under the section for insurance corporations and pension funds (S.125).

8.5.1 Monetary gold and SDRs (F.1)

Not applicable.

8.5.2 Currency and deposits (AF.2)

(i) Assets
AF.21: The figures on Swiss franc currency holdings are estimates (see section 8.1.1).
AF.22: Transferable deposits with the SNB, as per the SNB Annual Report. Transferable deposits with commercial banks in Switzerland, as per bank balance sheets.
AF.29: Other deposits with the SNB, as per the SNB Annual Report. Other deposits with commercial banks in Switzerland, as per bank balance sheets.
ii) Liabilities
AF.21: Cash denominated in currencies other than Swiss francs held by the SNB and by commercial banks, as per bank balance sheets.
AF.22 and AF.29: Domestic claims against the rest of the world (see sections on assets of the domestic sectors).

8.5.3 Securities other than shares (AF.3)

(i) Assets
AF.331: Money market paper issued by domestic borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.

AF.332: Medium-term bank-issued notes and bonds issued by domestic borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics. Bonds issued by domestic borrowers that are not held in custody accounts at domestic bank offices, as per surveys on the BOP and the IIP.
AF.34: Positive replacement values with respect to commercial banks in Switzerland, as per bank balance sheets (data as of 2004). Until 2003, includes only counterpart values corresponding to SNB and general government positions.
(ii) Liabilities
AF.331 and AF.332: domestic claims against ROW (see sections on assets of the domestic sectors).
AF.34: Negative replacement values with respect to commercial banks in Switzerland, as per bank balance sheets (data as of 2004). Until 2003, includes only counterpart values corresponding to SNB and general government positions.

8.5.4 Loans (AF.4)

(i) Assets
Loans to domestic corporations, as per surveys on the BOP and the IIP.
(ii) Liabilities
Domestic claims against ROW (see sections on assets of the domestic sectors).

8.5.5 Shares and other equity (AF.5)

(i) Assets
AF.51: Shares and participation certificates issued by domestic borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics. Participating interests: Direct investments in Switzerland, as per surveys on the BOP and the IIP.
AF.52: Units in collective investment schemes issued by domestic borrowers and held in custody accounts at bank offices in Switzerland, as per securities survey statistics.
(ii) Liabilities
AF.51 and AF.52: Domestic claims against ROW (see sections on assets of the domestic sectors).

8.5.6 Insurance technical reserves (AF.6)

(i) Assets
AF.61: Share of the rest of the world in net equity in pension funds (see section on liabilities of insurance corporations and pension funds).
AF.62: Insurance technical reserves from reinsurance business abroad, as per surveys on the BOP and the IIP. Swiss non-life insurance provisions with the ROW are equivalent to financial assets for the ROW.
(ii) Liabilities
No data available.

8.5.6 Other accounts receivable and payable (AF.7)

No data available.

European Commission

Manual on sources and methods for the compilation of ESA 95 financial accounts – 2nd edition – 2011 update

Luxembourg: Publications Office of the European Union

2011 — 372 p. — 21 x 29.7 cm

Theme: Economy and finance
Collection: Methodologies & Working papers

ISBN 978-92-79-19452-8
ISSN 1977-0375
doi:10.2785/12047
Cat. No KS-RA-11-004-EN-N

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- via EU Bookshop (http://bookshop.europa.eu);
- at the European Union's representations or delegations. You can obtain their contact details on the Internet (http://ec.europa.eu) or by sending a fax to +352 2929-42758.

Priced publications:

- via EU Bookshop (http://bookshop.europa.eu).

Priced subscriptions (e.g. annual series of the *Official Journal of the European Union* and reports of cases before the Court of Justice of the European Union):

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

KS-RA-11-004-EN-N

ISBN 978-92-79-19452-8