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## ANNEX A

### EUROPEAN SYSTEM OF ACCOUNTS ESA 1995

#### CHAPTER 8

##### SEQUENCE OF ACCOUNTS AND BALANCING ITEMS

- 8.01. The ESA records flows and stocks in an ordered set of accounts describing the economic cycle from the generation of income, through its distribution and redistribution and finally to its accumulation in the form of assets.
- 8.02. Each of the accounts shows transactions which balance out, either because of the definitions used or because a significant balance is carried forward to the next account.
- 8.03. The structured recording of transactions according to a logical analysis of economic life provides the aggregates required for the study of an industry, an institutional sector or subsector, or the total economy. The breakdown of the accounts was designed to reveal the most significant economic information.
- 8.04. The accounts are grouped in three categories:
  - (a) current accounts;
  - (b) accumulation accounts;
  - (c) balance sheets.

Current accounts concern the generation, distribution and redistribution of income and its use in the form of final consumption. Finally, they permit the calculation of saving, which is an essential factor in accumulation.

Accumulation accounts analyse the various components of changes in the assets and liabilities of the various units and enable changes in net worth (the difference between assets and liabilities) to be recorded.

Balance sheets show the total assets and liabilities of the various units at the beginning and the end of the accounting period, together with their net worth. The flows for each asset and liability item recorded in the accumulation accounts are seen again in the changes in balance sheets account.

- 8.05. The sequence of accounts applies, wholly or partly, to institutional units, institutional sectors and subsectors, industries and the total economy.
- 8.06. The balancing items are established both gross and net. They are gross if calculated before deduction of consumption of fixed capital and net if calculated after this deduction. It is more significant to express income balancing items in net terms.
- 8.07. The accounts are presented in various ways:
  - (a) in the form of integrated economic accounts, showing the accounts for all the institutional sectors, the total economy and the rest of the world in a single table;
  - (b) in the form of a sequence of accounts, giving more detailed information. The tables showing the presentation of each account are given in the section of this chapter entitled 'Sequence of accounts';

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- (c) in the form of matrices, in which each account is represented by a row/column pair.
- 8.08. Synoptic presentation of the accounts, balancing items and main aggregates:

**TABLE 8.1 — SYNOPTIC PRESENTATION OF THE ACCOUNTS, BALANCING ITEMS AND MAIN AGGREGATES**

Accounts					Balancing items	Main aggregates
<b>Full sequence of accounts for institutional sectors</b>						
Current accounts	I.	Production account	Production account		B.1	Value added (GDP/NDP)
	II.	Distribution and use of income accounts	Primary distribution of income accounts	Primary 1. Generation of income account	B.2	Operating surplus
					B.3	Mixed income
				II.1.2. Allocation of primary income account	B.4	Entrepreneurial income
				II.1.2. Allocation of other primary income account	B.5	Balance of primary incomes
		II.2.	Secondary distribution of income account		B.6	Disposable income
		II.3.	Redistribution of income in kind account		B.7	Adjusted disposable income
		II.4.	Use of income account		B.8	Saving
II.4.1.	Use of disposable					

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			income account			
		II.4.2.	Use of adjusted disposable income account			
Accumulation accounts	III.	Accumulation accounts	III.1.1.	Change in net worth due to saving and capital transfers account	B.10.1	Changes in net worth, due to saving and capital transfers
			III.1.2.	Acquisition of non financial assets account	B.9	Net lending/ Net borrowing
					B.9	Net lending/ Net borrowing
			III.2.	Other changes in volume of assets account	B.10.2	Changes in net worth, due to other changes in volume of assets
			III.3.	Other changes in assets accounts		
		III.3.2.	Revaluation of accounts	III.3.1. Net holding gains/ losses	B.10.3	Changes in net worth, due to nominal

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				III.3.2.2. Real holding gains/ losses	holding gains/ losses	
					B.10.31 Changes in net worth, due to neutral holding gains/ losses	
					B.10.32 Changes in net worth, due to real holding gains/ losses	
Balance sheets	IV.	IV.1. Balance sheets	Opening balance sheet		B.90 Net worth	National worth
		IV.2.	Changes in balance sheet		B.10 Changes in net worth, total	Changes in national worth
		IV.3.	Closing balance sheet		B.90 Net worth	National worth
0.	Transaction accounts					
	0.	Goods and services account				
	Rest of World account (external transactions account)					
Currents accounts	V.	V.I. Rest of	External account		B.11 External balance	External balance of

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	the World account	of goods and services			of goods and services	and services	
	V.II.	External account of primary income and current transfers		B.12	Current external balance	Current external balance	
Accumulation accounts	V.III.	External accumulation accounts	V.III.1. Capital account	V.III.1.1. Changes in net worth due to saving and capital transfers account	B.10.1	Changes in net worth due to current external balance and capital transfers	
			V.III.1.2. Acquisition of non financial assets	B.9	Net lending/Net borrowing	Net lending/Net borrowing	
		V.III.2.	Financial account		B.9	Net lending/Net borrowing	
		V.III.3.	Other changes in assets account	V.III.3.1. Other changes in volume of assets	B.10.2	Changes in net worth, due to other changes in volume of assets	
			V.III.3.2. Revaluation accounts				

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Balance sheets	V.IV.	External assets and liabilities account	V.IV.1.	Opening balance sheet	B.10.3	Changes in net worth, due to nominal holding gains/losses	
			V.IV.2.	Changes in balance sheet			
			V.IV.3	Closing balance sheet			
				neutral holding gains/losses real holding gains/losses			
					B.90	Net worth	
					B.10	Changes in net worth	Net external financial position
					B.90	Net worth	Net external financial position

#### SEQUENCE OF ACCOUNTS

8.09. The sequence of accounts is composed of three main categories of accounts:

(a) Current accounts:

1. production account (I);
2. distribution and use of income accounts (II);

(b) accumulation accounts (III);

(c) balance sheets (IV).

#### CURRENT ACCOUNTS

##### Production account (I)<sup>(1)</sup>

8.10. The production account (I) shows the transactions relating to the production process proper. It is drawn up for institutional sectors and for industries. Its resources include output and its uses include intermediate consumption.

8.11. The production account can be used to obtain one of the most important balancing items in the system — value added, or the value generated by any unit engaged in a production activity — and a vital aggregate: gross domestic product. Value added is economically significant for both the institutional sectors and the industries.

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- 8.12. As with the balancing items of the following accounts, value added (the balancing item of the account) may be calculated before or after consumption of fixed capital, i. e. gross or net. Given that output is valued at basic prices and intermediate consumption at purchaser's prices, value added does not include taxes less subsidies on products.
- 8.13. The production account at the level of the total economy includes in resources, in addition to the output of goods and services, taxes less subsidies on products. It thus enables gross domestic product (at market prices) to be obtained as a balancing item.
- 8.14. As financial intermediation services indirectly measured (Fisim) are not allocated to user sectors, the whole of the value of the output of Fisim is treated as the intermediate consumption of a nominal sector with zero output and negative value added equal in size but opposite in sign to intermediate consumption. In this way, the value added of all sectors and industries together is reduced in total by this amount. To lighten the presentation of accounts, it is possible not to insert a supplementary column for the nominal sector, but instead to take into account the corresponding figure in the column total economy.

Distribution and use of income accounts (II)

- 8.15. Distribution and use of income are analysed in four stages: primary distribution, secondary distribution, redistribution in kind and use of income.

The first stage concerns the generation of income resulting directly from the production process and its distribution between the production factors (labour, capital) and general government (via taxes on production and imports, and subsidies). It enables the operating surplus (or mixed income in the case of households) and primary income to be determined.

The second stage traces redistribution of income via transfers other than social transfers in kind. This yields the disposable income.

The third stage describes redistribution via social transfers in kind, yielding the adjusted disposable income.

The fourth stage describes how the income is consumed and saved, yielding the saving.

TABLE 8.2. — ACCOUNT I: PRODUCTION ACCOUNT

Uses										Resources									
Total	Corresponding	Goods and services	Rest of the world	Total economy	Government	Non-financial corporations	Financial corporations	Total economy	Government	Non-financial corporations	Financial corporations	Total economy	Government	Non-financial corporations	Financial corporations	Total			
	of the	World	account																
	entries	and of	Rest of the world																
	of the	services	World																
	entries	World	account																
	of the	World	account																
	of the	World	account																
	of the	World	account																
	of the	World	account																
	of the	World	account																
359	53							P.1	Output	102	434	1	37	3		3595			
	595								753			269	595						
P.11										Financial corporations: 102 including 48 for Fisim (P.119).									
P.2										Total economy: 1904 corresponding to the sum of institutional sectors (1856) and to Fisim (48).									
B.1g										Total economy: 1824 corresponding to the sum of institutional sectors (1739), plus taxes less subsidies on products (133) less Fisim (48).									

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30483								P.11	Market output Fisim	102	74	1	21	3	048		3048
171	171							P.12	Output for own final use	31	0	0	140	0	171		171
376	376							P.13	Other non-market output		360		16	376			376
1904		1	6	694	246	29	881	P.2	Intermediate consumption/ Fisim							1	1904
133	133							D.2	Taxes less subsidies on products					133			133
1824		1	31	575	188	73	872	B.1g	Value added, * g gross/ gross domestic product								
222		222	3	42	30	10	137	K.1	Consumption of fixed capital								
1602		1	28	533	158	63	735	B.1n	Value added, * n net/ net domestic product								

P.11 Financial corporations: 102 including 48 for Fisim (P.119).  
P.2 Total economy: 1904 corresponding to the sum of institutional sectors (1856) and to Fisim (48).  
B.1g Total economy: 1824 corresponding to the sum of institutional sectors (1739), plus taxes less subsidies on products (133) less Fisim (48).

#### Primary distribution of income accounts (II.1) Generation of income account (II.1.1)

The layout of the generation of income account by institutional sector is as shown in the table 8.3.



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- 8.16. The generation of income account is also presented by industries, in the columns of the supply and uses tables.
- 8.17. The generation of income account presents the sectors, subsectors and industries which are the source, rather than the destination, of primary income.
- 8.18. It analyses the extent to which value added can cover compensation of employees and other taxes less subsidies on production. It measures the operating surplus, which is the surplus (or deficit) on production activities before account has been taken of the interest, rents or charges which the production unit:
- (a) must pay on financial assets or on tangible non-produced assets which it has borrowed or rented;
  - (b) must receive on financial assets or on tangible non-produced assets of which it is the owner.

The operating surplus corresponds to the income which the units obtain from their own use of their production facilities. It is the last balancing item which can be calculated for both the industries and the institutional sectors and subsectors.

- 8.19. In the case of unincorporated enterprises in the households sector, the balancing item of the generation of income account implicitly contains an element corresponding to remuneration for work carried out by the owner or members of his family which cannot be distinguished from his profits as entrepreneur. This is referred to as 'mixed income'.
- 8.20. In the case of own account production of accommodation services by owner-occupier households, the balancing item of the generation of income account is an operating surplus.

#### Allocation of primary income account (II.1.2)

- 8.21. Unlike the generation account, the allocation of primary income account concerns the resident units and institutional sectors as recipients rather than producers of primary income.
- 8.22. 'Primary income' is the income which resident units receive by virtue of their direct participation in the production process, and the income receivable by the owner of a financial asset or a tangible non-produced asset in return for providing funds to, or putting the tangible non-produced asset at the disposal of, another institutional unit.
- 8.23. The allocation of primary income account (II.1.2) can be calculated only for the institutional sectors and subsectors because, in the case of industries, it is impossible to break down certain flows connected with financing (capital loans and borrowings) and assets.
- 8.24. As financial intermediation services indirectly measured (Fisim) are not allocated to user sectors, the entries shown for interest are those for actual interest payable and receivable. An adjustment is made to resources in the column financial corporations (with a negative sign) and in the column nominal sector (with a positive sign). To lighten the presentation of accounts, it is possible not to insert a supplementary column for the nominal sector, but instead to present the corresponding figure in the column total economy.
- 8.25. The allocation of primary income account is broken down into an entrepreneurial income account (II.1.2.1) and an allocation of other primary income account (II.1.2.2).
- #### Entrepreneurial income account (II.1.2.1)

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- 8.26. The purpose of the entrepreneurial income account is to determine a balancing item corresponding to the concept of current profit before distribution and income tax, as normally used in business accounting.

TABLE 8.3. — ACCOUNT II.1.1: GENERATION OF INCOME ACCOUNT

Uses										Resources									
Total	Corresponding	6.1	7.1	8.1	9.1	10.1	11.1	12.1	13.1	14.1	15.1	16.1	17.1	18.1	19.1	Total			
entries of the	Rest of the	World	Rest of the	World	Rest of the	World	Rest of the	World	Rest of the	World	Rest of the	World	Rest of the	World	Rest of the	World			
Good and services account	Rest of the World account	World account	Rest of the World account	World account	Rest of the World account	World account	Rest of the World account	World account	Rest of the World account	World account	Rest of the World account	World account	Rest of the World account	World account	Rest of the World account	World account			
								B.1	Value added, gross/gross domestic product	872	73	188	575	31	1 824	1824			
								B.1	Value added, net/net domestic product	735	63	158	533	28	1 602	1602			
762		762	23	39	140	15	545	D.1	Compensation of employees										
569		569	12	39	87	10	421	D.11	Wages and salaries										
193		193	11	0	53	5	124	D.12	Employers' social contributions										
174		174	10	0	48	4	112	D.12	Employers' actual social contributions										
19		19	1	0	5	1	12	D.12	Employers' imputed social contributions										
235	0	235	0	3	2	3	86	D.2	Taxes on production							0			



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- 36	0	-36	0	-1	0	0	-35	D.39	on products										0
									Other subsidies on production										
429		429	8	92	46	55	276	B.2g	Operating surplus, gross										
442		442		442				B.3g	Mixed income, gross										
217		217	5	60	16	45	139	B.2n	Operating surplus, net										
432		432		432				B.3n	Mixed income, net										

TABLE 8.4 — ACCOUNT II.1.2: ALLOCATION OF PRIMARY INCOME ACCOUNT

Uses											Resources																	
Total	Corresponding	World	Rest of the world	EU-27	EU-15	EU-12	EU-10	EU-8	EU-7	EU-6	EU-5	EU-4	EU-3	EU-2	EU-1	EU-0	EU-1	EU-2	EU-3	EU-4	EU-5	EU-6	EU-7	EU-8	EU-10	EU-12	EU-15	EU-27
entries of the	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account
Good and services	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account
									B.2g	Operating surplus, gross	276	55	46	92	8	429												429
									B.3g	Mixed income, gross				442		442												442
									B.2n	Operating surplus, net	139	45	16	60	5	217												217
									B.3n	Mixed income, net				432		432												432
6	6								D.1	Compensation of employees				766		766	2											768

The adjustment Fisim for Total economy (0) is the sum of Financial corporations sector (+ 48) and of the nominal sector (+ 48).

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6	6							D.11	Wages and salaries		573		573	2		575
								D.12	Employers' social contributions		193		193	0		193
								D.12E	Employers' actual social contributions		174		174	0		174
								D.12I	Employers' imputed social contributions		19		19	0		19
	0							D.2	Taxes on production and imports		235		235	0		235
	0							D.21	Taxes on products		141		141	0		141
	0							D.21A	Value added type taxes (VAT)		121		121	0		121
	0							D.21B	Taxes and duties on imports excluding VAT		17		17	0		17
	0							D.21C	Import duties		17		17	0		17
	0							D.21D	Taxes on imports excluding VAT and duties		0		0	0		0
								D.21E	Taxes on products		3		3	0		3

The adjustment Fisim for Total economy (0) is the sum of Financial corporations sector (+ 48) and of the nominal sector (+ 48).

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									except VAT and import taxes								
	0								D.29 Other taxes on production	94			94	0			94
	0								D.3 Subsidies	-44			-44	0			- 44
	0								D.31 Subsidies on products	-8			-8	0			- 8
	0								D.31 Import subsidies	0			0	0			0
	0								D.31 Other subsidies on products	-8			-8	0			- 8
	0								D.39 Other subsidies on production	-36			-36	0			- 36
446	66	380	7	44	46	138	145		D.4 Property income	160	30	134	5	407	39		446
222	16	206	7	17	39	77	66		D.41 Interest	125	12	33	5	200	22		222
0		0							P.11 Adjustment Fisim	48				0			0
120	36	84	0		0	36	48		D.42 Distributed income of corporations	25	18	57	0	103	17		120
60	0	60				36	24		D.42 Dividends	25	5	13	0	46	14		60
60	36	24				0	24		D.42 Withdrawals from income of quasi- corporations	13	44	0	57	3			60
14	14	0	0		0	0	0		D.43 Reinvested earnings on direct	7	0	3	0	14	0		14

The adjustment Fisim for Total economy (0) is the sum of Financial corporations sector (+ 48) and of the nominal sector (+ 48).

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									foreign investment								
25		25				25		D.44	Property income attributed to insurance policy holders	0	0	20	0	25	0		25
65		65	0	27	7	0	31	D.45	Rent	41	3	0	21	0	65		65
1855		1 855	6	1 390	221	29	209	B.5g B.5 * g	Balance or primary incomes, gross/national income, gross								
1633		1 633	3	1 348	191	19	72	B.5n B.5 * n	Balance of primary incomes, net/national income, net								

The adjustment Fisim for Total economy (0) is the sum of Financial corporations sector (+ 48) and of the nominal sector (+ 48).

- 8.27. In the case of general government and non-profit institutions serving households, this account concerns only their market activities.
- 8.28. Entrepreneurial income corresponds to the operating surplus or mixed income (on the resources side):

<i>plus</i>	property income receivable in connection with financial and other assets belonging to the enterprise (on the resources side);
<i>minus</i>	interest on debts payable by the enterprise and rents payable on land and other non-produced tangible assets rented by the enterprise (on the uses side).

Property income payable in the form of dividends or reinvested earnings on direct foreign investment is not deducted from entrepreneurial income.  
Allocation of other primary income account (II.1.2.2)

- 8.29. The purpose of the allocation of other primary income account is to return from the concept of entrepreneurial income to the concept of primary income. It therefore





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										World services account				World services account						
II.1.2.1.	Entrepreneurial income									B.2g	Operating surplus, gross	276	55	46	92	8	429		429	II.1.2.1. Entrepreneurial income
										B.3g	Mixed income, gross					442	442		442	
										B.2n	Operating surplus, net	139	45	16	60	5	217		217	
										B.3n	Mixed income, net					432	432		432	
244	27	217	2	7	9	102	97	D.4	Property income	78	160	4	5	0	247	21	268			
160	13	147	2	0	2	77	66	D.4	Interest	25	125	0	0	0	150	16	166			
0		0						P.11	Adjustment Fisim	48					0		0			
								D.4	Distributed income of corporations	11	25	4	5	0	37	5	42			
								D.4	Dividends	7	35	4	5	0	37	5	42			
								D.4	Withdrawals from income of quasi-corporations	0	0	0	0	0	0	0	0			
14	14							D.4	Reinvested earnings on direct foreign investment	7	0				11		11			
25		25				25		D.4	Property income attributed to insurance policyholders	0	0	0		5		5				
45		45	0	7	7	0	31	D.4	Rent	41	3	0			44		44			

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		901		901	6	532	41	65	257	B.4g	Entrepreneurial income, gross										
		679		679	3	490	11	55	120	B.4n	Entrepreneurial income, net										
II.1.2.2.	Allocation of other primary income									B.4g	Entrepreneurial income, gross	257	41	65	257	6	901		901	II.1.2.2.	Allocation of other primary income
										B.4n	Entrepreneurial income, net	120	11	55	120	3	679		679		
6	6									D.1	Compensation of employees	766				2	768		768		
6	6									D.1	Wages and salaries	573				2	575		575		
										D.1	Employers' social contributions	193				0	193		193		
										D.1	Employers' actual social contributions	174				0	174		174		
										D.1	Employers' imputed social contributions	19				0	19		19		
0	0									D.2	Taxes on production and imports	235				0	235		235		
0	0									D.2	Taxes on products	141				0	141		141		
0	0									D.2	Value added type taxes (VAT)	121				0	121		121		
0	0									D.2	Taxes and duties on	17				0	17		17		





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								B.5g B.5 * g	Balan of primary incomes, gross/ national income, gross	209 29	221	1 390	6	1 855			1855
								B.5n B.5 * n	Balan of primary incomes, net/ national income, net	172 19	191	1 348	3	1 633			1633
213		1	212		178		10	24	D.5 Current taxes on income, wealth, etc.		213			213			213
204		1	203		176		7	20	D.51 Taxes on income		204			204			204
9			9		2		3	4	D.59 Other current taxes		9			9			9
322			322		322				D.61 Social contributions	4	39	268		1	322		322
303			303		303				D.61 Actual social contributions	1	38	263			303		303
174			174		174				D.61 Employer's actual social contributions	8	155			174		174	
160			160		160				D.61 Compulsory employers, actual social contributions	5	144			160		160	
14			14		14				D.61 Voluntary employers, actual social contributions	3	11			14		14	

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97		97	97				D.61	Employee social contributions	20	76			97			97
85		85	85				D.61	Compulsory employees, social contributions	15	69			85			85
12		12	12				D.61	Voluntary employees, social contributions	5	7			12			12
32		32	32				D.61	Social contributions by self- and non-employed persons	1	32			32			32
22		22	22				D.61	Compulsory social contributions by self- and non-employed persons	1	22			22			22
10		10	10				D.61	Voluntary social contributions by self- and non-employed persons	1	10			10			10
19		19	19				D.61	Imputed social contributions	1	5	1		19			19
332		332	1		289	29	13	D.62	Social benefits other than social transfers in kind	1		332		332		332

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232			232			232			D.62	Social security benefits in cash			232		232			232
29			29			28	1		D.62	Private funded social benefits			29		29			29
19			19	1		5	1	12	D.62	Unfunded employee social benefits			19		19			19
52			52			52			D.62	Social assistance benefits in cash			52		52			52
278		9	269	2	71	139	46	11	D.7	Other current transfers	10	49	108	36	36	239	39	278
45		2	43		31	4		8	D.7	Net non-life insurance premiums		45				45		45
45			45			45			D.72	Non-life insurance claims	6		1	35		42	3	45
96			96			96			D.73	Current transfers within general government			96			96		96
32		1	31			31			D.74	Current international cooperation			1			1	31	32
56		2	54	2	40	8	1	3	D.75	Miscellaneous current transfers	4	10	1	36		55	1	56
1826			1 826	40	1 187	382	32	185	B.6g	Disposable income, gross								

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1604		1 604	37	1 145	352	22	48	B.6n	Disposable income, net										
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TABLE 8.7. — ACCOUNT II.3: REDISTRIBUTION OF INCOME IN KIND ACCOUNT

Uses										Resources									
Total	Corresponding	Rest of the	World	Rest of the	World	Rest of the	World	Rest of the	World	Total	Corresponding	Rest of the	World	Rest of the	World	Rest of the	World	Rest of the	World
entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the	entries of the
World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account	World account
								B.6n	Disposable income, gross	382	1 187	40	1 826						1826
								B.6n	Disposable income, net	352	1 145	37	1 604						1604
219		219	13		206			D.63	Social transfers in kind			219	219						219
162		162	0		162			D.63	Social benefits in kind			162	162						162
78		78			78			D.63	Social security benefits, reimbursements			78	78						78
65		65			65			D.63	Other social security benefits in kind			65	65						65
19		19	0		19			D.63	Social assistance benefits in kind			19	19						19
57		57	13		44			D.63	Transfers of individual non-			57	57						57



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									market goods and services								
1826		1 826	27	1 406	176	32	185	B.7g	Adjusted disposable income, gross								
1604		1 604	24	1 364	146	22	48	B.7n	Adjusted disposable income, net								

### Redistribution of income in kind account (II.3)

- 8.33. The redistribution of income in kind account gives a broader picture of households' income by including the flows corresponding to the use of individual goods and services which these households receive free of charge, i. e. social benefits in kind and transfers of individual non-market goods and services, these two categories of flows being grouped together under the concept of social transfers in kind. This facilitates comparisons over time when there are differences or changes in economic and social conditions, and supplements the analysis of the role of general government in the redistribution of income.
- 8.34. Social transfers in kind are recorded on the resources side of the redistribution of income in kind account in the case of households, and on the uses side in the case of general government and non-profit institutions serving households.
- 8.35. The balancing item in the redistribution of income in kind account is adjusted disposable income.

### Use of income account (II.4)

- 8.36. For the institutional sectors with final consumption, the use of income account shows how disposable income (or adjusted disposable income) is divided between final consumption expenditure (or actual final consumption) and saving.
- 8.37. In the system, only government, NPISHs and households have final consumption. In addition, the use of income account includes, for households and for pension funds, an adjustment item (D.8 Adjustment for the change in the net equity of households in pension funds reserves) which relates to the way that transactions between households and pension funds are recorded<sup>(3)</sup>.

### Use of disposable income account (II.4.1)

- 8.38. The use of disposable income account includes the concept of final consumption expenditure financed by the various sectors concerned: households, general government and non-profit institutions serving households.
- 8.39. The balancing item in the use of disposable income account is saving.

### Use of adjusted disposable income account (II.4.2)

- 8.40. The use of adjusted disposable income account includes the concept of actual final consumption, which corresponds to the value of the goods and services actually at the disposal of households for final consumption, even if their acquisition is financed by general government or non-profit institutions serving households.

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Consequently, the actual final consumption of general government corresponds only to collective final consumption. Since final consumption expenditure by non-profit institutions serving households is regarded as entirely individual, their actual final consumption is zero.

- 8.41. At the level of the total economy, final consumption expenditure and actual final consumption are equal; it is only the distribution over the institutional sectors which differs. The same is true of disposable income and adjusted disposable income.
- 8.42. Saving is the balancing item in both versions of the use of income account. Its value is identical for all sectors, regardless of whether it is obtained by subtracting final consumption expenditure from disposable income or by subtracting actual final consumption from adjusted disposable income.

TABLE 8.8 — ACCOUNT II.4.1: USE OF DISPOSABLE INCOME ACCOUNT

Uses								Resources								
Total	Corresponding	Goods and services	Rest of the world	Private economy	Non-profit institutions serving households	General government	Financial corporations	Non-financial corporations	Financial corporations	Non-financial corporations	Government	Private economy	Non-profit institutions serving households	Rest of the world	Total	
	of the	World	World													
	World	World	World													
								B.6n	Disposable income, gross	185	382	1	40	1	1826	
								B.6n	Disposable income, net	142	352	1	37	1	1604	
1371		1	13	996	362			P.3	Final consumption expenditure					1	1371	
1215		1	13	996	206			P.31	Individual consumption expenditure					1	1215	
156		156			156			P.32	Collective consumption expenditure					156	156	
11	0	11	0		0	11	0	D.8	Adjustment for the change in net equity of households in pension			11		11	0	11

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									funds reserves							
455		455	27	202	20	21	185	B.8g	Saving, gross							
233		233	24	160	-10	11	48	B.8h	Saving, net							
- 41	-41							B.12	Current external balance							

8.43. Saving is the (positive or negative) amount resulting from current transactions which establishes the link with accumulation. If saving is positive, non-spent income is used for the acquisition of assets or for paying off liabilities. If saving is negative, certain assets are liquidated or certain liabilities increase.

#### ACCUMULATION ACCOUNTS (III)<sup>(4)</sup>

8.44. The accumulation accounts are flow accounts. They record the various causes of changes in the assets and liabilities of units and the change in their net worth.

8.45. Changes in assets are recorded on the left-hand side of the accounts (plus or minus), changes in liabilities and net worth on the right-hand side (plus or minus).

#### Capital account (III.1)

8.46. The capital account records acquisitions less disposals of non-financial assets by resident units and measures the change in net worth due to saving (final balancing item in the current accounts) and capital transfers.

8.47. The capital account makes it possible to determine the extent to which acquisitions less disposals of non-financial assets have been financed out of saving and by capital transfers. It shows a net lending corresponding to the amount available to a unit or sector for financing, directly or indirectly, other units or sectors, or a net borrowing corresponding to the amount which a unit or sector is obliged to borrow from other units or sectors.

#### Change in net worth due to saving and capital transfers account (III.1.1)

8.48. This account makes it possible to determine the change in net worth due to saving and capital transfers, which corresponds to net saving plus capital transfers receivable, minus capital transfers payable.

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

8.49. This account records acquisitions less disposals of non-financial assets in order to return from the concept of change in net worth due to saving and capital transfers to net lending or borrowing.

#### Financial account (III.2)

8.50. The financial account records, by type of financial instrument, the changes in the financial assets and liabilities that compose net lending or borrowing.

8.51. The classification of assets and liabilities used in the financial account is identical to that used in the balance sheets.

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

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- 8.52. The other changes in assets account records changes in assets and liabilities of units, other than in connection with saving and voluntary transfers of wealth, these being recorded in the capital and financial accounts. It is divided into two: the other changes in volume of assets account (III.3.1) and the revaluation account (III.3.2).

TABLE 8.9 — ACCOUNT II.4.2: USE OF ADJUSTED DISPOSABLE INCOME ACCOUNT

Uses								Resources							
Total	Corresponding entries of the	Rest of the economy	Government	Non-financial corporations	Financial corporations	Non-financial corporations	Financial corporations	Rest of the economy	Government	Non-financial corporations	Financial corporations	Rest of the economy	Government	Total	
	World account														
						B.7g	Adjusted disposable income, gross	32	176	1	27	1	826	1826	
						B.7n	Adjusted disposable income, net	22	146	1	24	1	604	1604	
1371		1 371	1 215	156		P.4	Actual final consumption						1 371	1371	
1215		1 215	1 215			P.41	Actual individual consumption						1 215	1215	
156		156		156		P.42	Actual collective consumption						156	156	
11	0	11	0	0	11	0	D.8	Adjustment for the change in net equity of households in pension funds reserves		11		11	0	11	

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455		455	27	202	20	21	185	B.8g	Saving, gross									
233		233	24	160	-10	11	48	B.8h	Saving, net									
- 41	-41							B.12	Current external balance									

TABLE 8.10 — ACCOUNT III.1.1: CHANGE IN NET WORTH DUE TO SAVING AND CAPITAL TRANSFERS ACCOUNT

Changes in assets										Changes in liabilities and net worth									
Total	Corresponding	6.17	15	15	15	15	15	15	15	B.11	11	12	13	13	13	13	13	13	Total
entries of the	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world
Good and services account	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world	Rest of the world
										B.8h	48	11	-10	160	24	233			233
										B.12							-41		- 41
										D.9	6	23		62	4				66
										D.91	2			2					2
										D.92	23				4				27
										D.99	10	4	23		37				37
										D.9	6	-7	-34	-5	-3	-65	-1		- 66
										D.91			-2		-2				- 2

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										D.92 Investment grants, payable	-27			-27			-27
										D.99 Other capital transfers, payable	-7	-7	-3	-3	-36	-1	-37
192		-38	230	21	178	-38	4	65	B.10 Changes in net worth due to saving and capital transfers								

TABLE 8.11 — ACCOUNT III.1.2: ACQUISITION OF NON-FINANCIAL ASSETS ACCOUNT

Changes in assets										Changes in liabilities and net worth									
Total	Corresponding entries of the	Rest of the World account	EU	EEA	Non-EEA	EU	EEA	Non-EEA	EU	EEA	Non-EEA	EU	EEA	Non-EEA	EU	EEA	Non-EEA	Total	
	of the	World																	
	Rest of the World account	World account																	
									B.10	Changes in net worth due to saving and capital transfers	4	-38	178	21	230	-38		192	
376			376	19	61	37	9	250	P.51	Gross fixed capital formation								376	376
303			303	14	49	23	8	209	P.51	Acquisitions less disposals of tangible								303	303







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										of land and other tangible non-produced assets														
					1			-1	K.22	Acquisitions less disposals of intangible non-produced assets														
		-38	38	4	148	-50	5	-69	B.9	Net lending (+) net borrowing (-)														

TABLE 8.12 — ACCOUNT III.2: FINANCIAL ACCOUNT

Changes in assets											Changes in liabilities and net worth													
Total	Corresponding	Goods and services account	Rest of the world account	Private economy	Non-financial corporations	Financial corporations	Non-financial corporations	Financial corporations	Non-financial corporations	Financial corporations	Total	Corresponding	Goods and services account	Rest of the world account	Private economy	Non-financial corporations	Financial corporations	Non-financial corporations	Financial corporations	Total				
									B.9	Net lending (+)/ net borrowing (-)	-69	5	-50	148	4	38	-38							0
691		50	641	32	181	120	237	71	F	Net acquisition of financial assets														
									F	Net incurrence of liabilities	140	232	170	33	28	603	88							691

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		1	-1				-1		F.1	Monetary gold and SDRs								
130		11	119	12	68	7	15	17	F.2	Currency and deposits	130	2			132	-2		130
37		3	34	2	10	2	15	5	F.21	Currency	35				35	2		37
64		2	62	7	41	4		10	F.22	Transferable deposits	6	2			65	-1		64
29		6	23	3	17	1		2	F.29	Other deposits	32				32	-3		29
143		5	138	12	29	26	53	18	F.3	Securities other than shares	53	64			123	20		143
254		10	244		5	45	167	27	F.4	Loans	71		94	28	24	217	37	254
86		3	83		3	1	63	16	F.41	Short term	16		32	11	17	76	10	86
168		7	161		2	44	104	11	F.42	Long term	55		62	17	7	141	27	168
46		2	44		3	36	3	2	F.5	Shares and other equity	26	13		4	43	3		46
36			36		36				F.6	Insurance technical reserves	36				36			36
33			33		33				F.61	Net equity of households in life insurance reserves and in pension funds reserves	33				33			33
22			22		22				F.61	Net equity of households in	22				22			22

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									life insurance reserves									
11			11		11				F.61 Net equity of households in pension funds reserves	11					11			11
3			3		3				F.62 Prepayments of insurance premiums and reserves for outstanding claims						3			3
82		21	61	8	40	6		7	F.7 Other accounts receivable/payable	37	10	5			52	30		82
36		18	18		11	1		6	F.71 Trade credits and advances	8	6	4			18	18		36
46		3	43	8	29	5		1	F.79 Other accounts receivable/payable except trade credits and advances	29	4	1			34	12		46

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

8.53. The movements recorded in the other changes in volume of assets account affect the net worth of the balance sheets of the units, sectors and subsectors concerned. This change, called change in net worth due to other volume changes of assets, is the balancing item in the account.

#### Revaluation account (III.3.2)

8.54. The revaluation account records changes in the value of assets and liabilities due to changes in their prices.

For a given asset or liability, this change is measured as:



















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5		5	4	1	1	AN	Valuables										
78		78	2	22	12	1	41	AN	Non-produced assets								
76		76	2	22	12	1	40	AN	Tangible non-produced assets								
1		1					1	AN	Intangible non-produced assets								
147	11	136	3	36	8	70	18	AF	Financial assets/liabilities	36	14	6	2	126	6		132
15		15		2	14			AF	Monetary gold and SDRs								
32	2	30	2	17	3		8	AF	Currency and deposits	26	2		1	29	2		32
28	3	25	1	4		19	2	AF	Securities other than shares	31	4			26	2		28
29	1	28		2	24	1		AF	Loans	18	7	3	1	29			29
28	2	26		8		13	4	AF	Shares and other equity	14				28			28
8	1	7		6		1	1	AF	Insurance technical reserves	7				7	1		8
7	3	5		1			3	AF	Other accounts receivable/payable		2	1		6	1		7
								B.10	Charges in net worth due to neutral holding	26	87	8		208	6		214

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										gains/ losses											
III.3.2.2.	Real holding gains account									K.1	Real holding gains/ losses									III.3.2.2.	Real holding gains account
81		81	2	24	12	1	43	AN	Non-financial assets												
5		5		1			3	AN	Produced assets												
								AN	Fixed assets												
3		3					3	AN	Inventories												
2		2		1				AN	Valuables												
77		77	2	22	12	1	40	AN	Non-produced assets												
76		76	2	22	12	1	40	AN	Tangible non-produced assets												
1		1						AN	Intangible non-produced assets												
- 57	- 5	- 52	- 2	- 20	- 6	- 13	- 10	AF	Financial assets/ liabilities	17	- 7	- 6	- 2	- 50	- 3			- 54			
- 3		- 3					- 3	AF	Monetary gold and SDRs												
- 32	- 2	- 30	- 2	- 17	- 3		- 8	AF	Currency and deposits	26	- 2		- 1	- 29	- 2			- 32			
17	1	15		2		11	1	AF	Securities other than shares	3	3			16	1			17			
- 29	- 1	- 28			- 2	- 24	- 1	AF	Loans	8	- 7	- 3	- 1	- 29				- 29			
6		5		2		3	1	AF	Shares and	3				6				6			

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									other equity											
- 8		-1	-7		-6		-1	-1	AF. Insurance technical reserves	7					-7	-1				- 8
- 7		-3	-5		-1			-3	AF. Other accounts receivable/payable	3			-2	-1	-6	-1				- 7
									B.10 Changes in net worth due to real holding gains/losses	5	12	9	2	80	-1					78

#### BALANCE SHEETS (IV)<sup>(5)</sup>

8.60. The aim of the balance sheets is to give a picture of the assets, liabilities and net worth of units at the start and end of the accounting period and of changes between balance sheets. The sequence is as follows:

- (a) opening balance sheet (IV.1);
- (b) changes in balance sheet (IV.2);
- (c) closing balance sheet (IV.3).

Opening balance sheet (IV.1)

8.61. The opening balance sheet records the value of assets and liabilities held by units at the start of the accounting period.

These items are categorized on the basis of the classification of assets and liabilities.

They are valued at prices current at the start of the accounting period.

The difference between assets and liabilities — the balancing item in the account — is the net worth at the start of the accounting period.

Changes in balance sheet (IV.2)

8.62. The changes in balance sheet account records changes in the value of assets and liabilities in the course of the accounting period and aggregates the amounts recorded in the various accumulation accounts, i. e. change in net worth due to saving and capital transfers, change in net worth due to other volume changes in assets and change in net worth due to nominal holding gains and losses.

Closing balance sheet (IV.3)

8.63. The closing balance sheet records the value of assets and liabilities held by units at the end of the accounting period. These items are categorised on the basis of the same



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No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

3809		3	81	1	578	37	1	AN	Tangible non-produced assets										
		809		124			989												
66		66			12	3	51	AN	Tangible non-produced assets										
7365	573	6	172	1	396	3	897	AF	Financial assets and liabilities	687	289	121	6	297			6595		
		792		819		508				817	384		298						
770		770			80	690		AF	Monetary gold and SDRs										
1587	105	1	110	840	150		382	AF	Current and deposits	102	10	38	1	116			1587		
		482								281			471						
1388	125	1	25	198		950	90	AF	Securities other than shares	212	2		1	77			1388		
		263								053			311						
1454	70	1	8	24	115	1	50	AF	Loans	328	169	43	1	17			1454		
		384				187				897			437						
1409	113	1	22	411	12	651	200	AF	Shares and other equity	687	715	4	1	3			1409		
		296								4			406						
396	26	370	4	291	20	30	25	AF	Insurance technical reserves	335	19		5	371	25		396		
361	134	227	3	55	19		150	AF	Other accounts receivable/payable	22	108	35	302	59			361		
								B.90	Net worth	4	268	1	4	375	10	276	10692		
										21	300	352	416						
IV.2.	Changes in balance sheet								Total changes in assets/liabilities										
482		482	25	110	56	1	290	AN	Non-financial assets										

IV.1. Opening balance sheet



**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

289		289	21	61	25	-1	182	AN	Produced assets										
239		239	21	47	20	1	150	AN	Fixed assets										
34		34		4	1		29	AN	Inventories										
16		16		10	4	-2	3	AN	Valuables										
193		193	4	49	30	2	108	AN	Non-produced assets										
191		191	4	48	30	1	108	AN	Tangible non-produced assets										
2		2		1				AN	Intangible non-produced assets										
787	57	730	33	199	123	294	81	AF	Financial assets/liabilities	155	285	176	33	28	677	91		767	IV.2.
19	1	18			1	17		AF	Monetary gold and SDRs										Changes in balance sheet
130	11	119	12	68	7	15	17	AF	Currency and deposits	30	2				132	-2		130	
187	9	178	13	35	29	80	21	AF	Securities other than shares	87	71				165	22		187	
250	10	240		5	45	163	27	AF	Loans	68		93	28	24	213	37		250	
80	5	75	1	13	34	19	9	AF	Shares and other equity	42	30			4	77	3		80	
38		38		38				AF	Insurance technical reserves	38					38			38	
82	21	61	8	40	6		7	AF	Other accounts receivable/payable	37		10	5		52	30		82	





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**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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Imports of goods recorded in the external account of goods and services are valued fob, i. e. at the border of the country of export. Exports of goods are also valued fob.

When transport and insurance services included in the fob value of imports of goods (i. e. between the factory and the border of the country of export) are provided by resident units, they must be included in the value of exports of services by the economy importing the goods. Conversely, when transport and insurance services included in the fob value of exports of goods are provided by non-resident units they must be included in the value of imports of services by the economy exporting the goods.

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

8.70. The purpose of the external account of primary incomes and current transfers is to determine the current external balance, which, in the structure of the system, corresponds to saving by the institutional sectors. This account is a condensed version of the sequence, for an institutional sector, extending from the allocation of primary income account to the use of income account.

8.71. On the resources side, the external account of primary incomes and current transfers shows the external balance of goods and services. It also records, on the resources or uses side, all distributive transactions which may involve the rest of the world, apart from capital transfers.

EXTERNAL ACCUMULATION ACCOUNTS (V.III)

Capital account (V.III.1)

8.72. The Rest of the World capital account records acquisitions less disposals of non-produced non-financial assets by non-resident units and measures the changes in net worth due to saving and capital transfers.

8.73. The balancing item of the capital account is the net lending or borrowing of the rest of the world. It is equal, but has the opposite sign, to the sum of the net lending or borrowing of the resident institutional sectors.

Financial account (V.III.2)

8.74. The layout of the Rest of the World financial account is identical to that of the institutional sectors' financial account.

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

8.75. As for the institutional sectors, the changes in net worth due to other changes in volume of assets and due to nominal holding gains and losses are determined successively, holding gains and losses themselves being broken down into neutral and real holding gains and losses.

8.76. The absence of produced assets in the accumulation accounts and balance sheets of the rest of the world is due to the convention whereby a notional institutional unit is created, the rest of the world being deemed to have acquired a financial asset — and vice versa for assets held in other economies by resident units.

BALANCE SHEETS (V.IV)

8.77. The balance sheets of the rest of the world contain financial assets and liabilities. On the assets side, they record the total acquisitions less disposals between non-resident and resident units of monetary gold and SDRs.

*Table 8.16* — Full sequence of accounts for the rest of the world (external transactions account)

V.I: external account of goods and services

Uses	Resources
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**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

P.6	Exports of goods and services	536	P.7	Imports of goods and services	497
P.61	Exports of goods	462	P.71	Imports of goods	392
P.62	Exports of services	74	P.72	Imports of services	105
B.11	<i>External balance of goods and services</i>	-39			

## V.II: External account of primary incomes and current transfers

Uses			Resources		
D.1	Compensation of employees	6	B.11	<i>External balance of goods and services</i>	-39
D.11	Wages and salaries	6			
			D.1	Compensation of employees	2
D.2	Taxes on production and imports	0	D.11	Wages and salaries	2
D.21	Taxes on products	0	D.12	Employers, social contributions	0
D.211	Value added type taxes (VAT)	0	D.121	Employers, actual social contributions	0
D.212	Taxes and duties on imports excluding VAT	0	D.122	Employers, imputed social contributions	0
D.2121	Import duties	0			
D.2122	Taxes on imports excluding VAT and duties	0	D.2	Taxes on production and imports	0

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

			D.21	Taxes on products	0
D.214	Taxes on products except VAT and import taxes		D.211	Value added type taxes (VAT)	0
D.29	Other taxes on production	0	D.212	Taxes and duties on imports excluding VAT	0
			D.2121	Import duties	0
D.3	Subsidies	0	D.2122	Taxes on imports excluding VAT and duties	0
D.31	Subsidies on products	0			
D.311	Import subsidies	0	D.214	Taxes on products except VAT and import taxes	0
			D.29	Other taxes on production	0
D.319	Other subsidies on products	0			
D.39	Other subsidies on production	0	D.3	Subsidies	0
			D.31	Subsidies on products	0
D.4	Property income	66	D.311	Import subsidies	0
D.41	Interest	16			
D.42	Distributed income of corporations	36	D.319	Other subsidies on products	0
D.421	Dividends	0	D.39	Other subsidies on production	0

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

D.422	Withdrawals from income of quasi-corporations	36			
D.43	Reinvested earnings on direct foreign investment	14	D.4	Property income	39
			D.41	Interest	22
D.5	Current taxes on income, wealth, etc.	1	D.42	Distributed income of corporations	17
D.51	Taxes on income	1	D.421	Dividends	14
D.59	Other current taxes	0	D.422	Withdrawals from income of quasi-corporations	3
			D.43	Reinvested earnings on direct foreign investment	0
D.61	Social contributions	0	D.44	Property income attributed to insurance policy-holders	0
D.611	Actual social contributions	0			
D.6111	Employers, actual social contributions	0	D.5	Current taxes on income, wealth, etc.	0
D.61111	Compulsory employers, actual social contributions	0	D.51	Taxes on income	0
D.61112	Voluntary employers, actual social contributions	0	D.59	Other current taxes	0
D.6112	Employees, social contributions	0			
D.61121	Compulsory employees,	0	D.61	Social contributions	0

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

	social contributions				
D.61122	Voluntary employees, social contributions	0	D.611	Actual social contributions	0
D.612	Imputed social contributions	0	D.6111	Employers, actual social contributions	0
			D.61111	Compulsory employers, actual social contribution	0
D.62	Social benefits other than social transfers in kind	0	D.61112	Voluntary employers, actual social contributions	0
D.622	Private funded social benefits	0	D.6112	Employees, social contributions	0
D.623	Unfunded employee social benefits	0	D.61121	Compulsory employees, social contributions	0
D.7	Other current transfers	9	D.61122	Voluntary employees, social contributions	0
D.71	Net non-life insurance premiums	2	D.612	Imputed social contributions	0
D.74	Current international cooperation	1	D.62	Social benefits other than social transfers in kind	0
D.75	Miscellaneous current transfers	2	D.621	Social security benefits in cash	0
			D.622	Private funded social benefits	0
D.8	Adjustment for the	0	D.624	Social assistance	0



**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

	change in net equity of households in pension funds reserves			benefits in cash	
			D.7	Other current transfers	39
			D.72	Non-life insurance claims	3
			D.74	Current international cooperation	31
			D.75	Miscellaneous current transfers	1
			D.8	Adjustment for the change in net equity of households in pension funds reserves	0
B.12	<i>Current external balance</i>	-41			

## V.III: Accumulation accounts

## V.III.1: Capital accounts

## V.III.1.1: Change in net worth due to saving and capital transfers account

Uses			Resources		
B.10.1	<i>Changes in net worth due to saving and capital transfers</i>	-38	B.12	<i>Current external balance</i>	-41
			D.9	Capital transfers, receivable	4
			D.91	Capital taxes	0

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

			D.92	Investment grants	4
			D.99	Other capital transfers	0
			D.9	Capital transfers, payable	-1
			D.91	Capital taxes	0
			D.92	Investment grants	0
			D.99	Other capital transfers	-1

#### V.III.1.2: Acquisition of non-financial assets account

Changes in assets			Changes in liabilities and net worth		
K.2	Acquisitions less disposals of non-produced non-financial assets	0	B.10.1	<i>Changes in net worth due to saving and capital transfers</i>	-38
K.21	Acquisitions less disposals of land and other tangible non-produced assets	0			
K.22	Acquisitions less disposals of intangible non-produced assets	0			
B.9	<i>Net lending (+)/net borrowing (-)</i>	-38			

#### V.III.2: Financial account

Changes in assets			Changes in liabilities and net worth		
F	Net acquisition of financial assets	50	F	Net incurrence of liabilities	88

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

F.1	Monetary gold and SDRs	1			
F.2	Currency and deposits	11	F.2	Currency and deposits	-2
F.21	Currency	3	F.21	Currency	2
F.22	Transferable deposits	2	F.22	Transferable deposits	-1
F.29	Other deposits	6	F.29	Other deposits	-3
F.3	Securities other than shares	5	F.3	Securities other than shares	20
F.4	Loans	10	F.4	Loans	37
F.41	Short-term	3	F.41	Short-term	10
F.42	Long-term	7	F.42	Long-term	27
F.5	Shares and other equity	2	F.5	Shares and other equity	3
F.6	Insurance technical reserves	0	F.6	Insurance technical reserves	0
F.61	Net equity of households in life insurance reserves and in pension funds reserves	0	F.61	Net equity of households in life insurance reserves and in pension funds reserves	0
F.611	Net equity of households in life insurance reserves	0	F.612	Net equity of households in pension funds reserves	0
F.62	Prepayments of insurance premiums and reserves for	0			

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

	outstanding claims				
			F.7	Other accounts payable	30
F.7	Other accounts receivable	21	F.71	Trade credits and advances	18
F.71	Trade credits and advances	18	F.79	Other accounts payable except trade credits and advances	12
F.79	Other accounts receivable, except trade credits and advances	3			
			B.9	Net lending (+)/net borrowing (-)	-38

### V.III.3: Other changes in assets accounts

#### V.III.3.1: Other changes in volume of assets account

Changes in assets			Changes in liabilities and net worth		
AN	Non-financial assets	0	AF	Liabilities	0
AN.2	Non-produced assets	0	K.7	Catastrophic losses	0
K.8	Uncompensated seizures	0	K.8	Uncompensated seizures	0
K.12	Changes in classifications and structure	0	K.10	Other volume changes in financial assets and liabilities n.e.c.	0
K.12.2	Changes in classification of assets and liabilities	0	K.12	Changes in classifications and structure	0

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

K.12.22	Changes in classification of assets or liabilities other than monetization/demonetization of gold	0	K.12.1	Changes in sector classification and structure	0
of which: AN.21	Tangible non-produced assets	0	K.12.2	Changes in classification of assets and liabilities	0
			K.12.22	Changes in classification of assets or liabilities other than monetization/demonetization of gold	0
AN.22	Intangible non-produced assets	0	of which: AF.2	Currency and deposits	0
AF	Financial assets	0	AF.3	Securities other than shares	0
K.7	Catastrophic losses	0	AF.4	Loans	0
K.8	Uncompensated seizures	0	AF.5	Shares and other equity	0
K.10	Other volume changes in financial assets and liabilities n.e.c.	0	AF.6	Insurance technical reserves	0
K.12	Changes in classifications and structure	0	AF.7	Other accounts payable	0
K.12.2	Changes in classification of assets and liabilities	0			
K.12.22	Changes in classification of assets or liabilities	0			

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

	other than monetization/demonetization of gold				
of which: AF.1	Monetary gold and SDRs	0			
AF.2	Currency and deposits	0			
AF.3	Securities other than shares	0			
AF.4	Loans	0			
AF.5	Shares and other equity	0			
AF.6	Insurance technical reserves	0			
AF.7	Other accounts receivable	0			
			B.10.2	<i>Changes in net worth due to other changes in volume of assets</i>	0

### V.III.3.2: Revaluation account

<b>Changes in assets</b>			<b>Changes in liabilities and net worth</b>		
K.11	Nominal holding gains (+)/losses (-):		K.11	Nominal holding gains (+)/losses (-):	
AN.2	Non-produced assets	0	AF	Liabilities	3
AN.21	Tangible non-produced assets	0	AF.2	Currency and deposits	0
AN.22	Intangible non-produced assets	0	AF.3	Securities other than shares	2

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

			AF.4	Loans	0
AF	Financial assets	7	AF.5	Shares and other equity	0
AF.1	Monetary gold and SDRs	0	AF.6	Insurance technical reserves	0
AF.2	Currency and deposits	0	AF.7	Other accounts payable	0
AF.3	Securities other than shares	4			
AF.4	Loans	0			
AF.5	Shares and other equity	3			
AF.6	Insurance technical reserves	0			
AF.7	Other accounts receivable				
			B.10.3.	<i>Changes in net worth due to nominal holding gains/losses</i>	4

### V.III.3.2. Neutral holding gains/losses account

Changes in assets			Changes in liabilities and net worth		
K.11.1	Neutral holding gains (+)/losses (-):		K.11.1	Neutral holding gains (+)/losses (-):	
AN.2	Non-produced assets	0	AF	Liabilities	6
AN.21	Tangible non-produced assets	0	AF.2	Currency and deposits	2
AN.22	Intangible non-produced assets	0	AF.3	Security other than shares	2

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

			AF.4	Loans	0
AF	Financial assets	11	AF.5	Shares and other equity	0
AF.1	Monetary gold and SDRs	0	AF.6	Insurance technical reserves	1
AF.2	Currency and deposits	2	AF.7	Other accounts payable	1
AF.3	Securities other than shares	3			
AF.4	Loans	1			
AF.5	Shares and other equity	2			
AF.6	Insurance technical reserves	1			
AF.7	Other accounts receivable	3			
			B.10.31	<i>Changes in net worth due to neutral holding gains/losses</i>	6

### V.III.3.2. Real holding gains/losses account

Changes in assets			Changes in liabilities and net worth		
K.11.2	Real gains (+)/losses (-):		K.11.2	Real gains (+)/losses (-):	
AN.2	Non-produced assets	0	AF	Liabilities	-3
AN.21	Tangible non-produced assets	0	AF.2	Currency and deposits	-2
AN.22	Intangible non-produced assets	0	AF.3	Securities other than shares	1
			AF.4	Loans	0



**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

AF	Financial assets	-5	AF.5	Shares and other equity	0
AF.1	Monetary gold and SDRs	0	AF.6	Insurance technical reserves	-1
AF.2	Currency and deposits	-2	AF.7	Other accounts payable	-1
AF.3	Securities other than shares	1			
AF.4	Loans	-1			
AF.5	Shares and other equity	0			
AF.6	Insurance technical reserves	-1			
AF.7	Other accounts receivable	-3			
			B.10.32	<i>Changes in net worth due to real holding gains/losses</i>	4

V.IV: External assets and liabilities account

V.IV.1: Opening balance sheet

Assets			Liabilities and net worth		
AN	Non-financial assets	0	AF	Liabilities	297
AN.2	Non-produced assets	0	AF.2	Currency and deposits	116
AN.21	Tangible non-produced assets	0	AF.3	Securities other than shares	77
AN.22	Intangible non-produced assets	0	AF.4	Loans	17
			AF.5	Shares and other equity	3

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

AF	Financial assets	573	AF.6	Insurance technical reserves	25
AF.1	Monetary gold and SDRs	0	AF.7	Other accounts payable	59
AF.2	Currency and deposits	105			
AF.3	Securities other than shares	125			
AF.4	Loans	70			
AF.5	Shares and other equity	113			
AF.6	Insurance technical reserves	26			
AF.7	Other accounts receivable	134			
			B.90	Net worth	276

#### V.IV.2: Changes in balance sheet

Assets			Liabilities and net worth		
	Total changes in assets			Total changes in liabilities	
AN	Non-financial assets	0	AF	Liabilities	91
AN.2	Non-produced assets	0	AF.2	Currency and deposits	-2
AN.21	Tangible non-produced assets	0	AF.3	Securities other than shares	22
AN.22	Intangible non-produced assets	0	AF.4	Loans	37
			AF.5	Shares and other equity	3

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

AF	Financial assets	57	AF.6	Insurance technical reserves	0
AF.1	Monetary gold and SDRs	1	AF.7	Other accounts payable	30
AF.2	Currency and deposits	11			
AF.3	Securities other than shares	9			
AF.4	Loans	10			
AF.5	Shares and other equity	5			
AF.6	Insurance technical reserves	0			
AF.7	Other accounts receivable	21			
			B.10	<i>Changes in net worth total due to:</i>	-34
			B.10.1	<i>Saving and social transfers</i>	-38
			B.10.2	<i>Other changes in volume of assets</i>	0
			B.10.3	<i>Nominal holding gains/losses</i>	4
			B.10.31	Neutral holding gains/losses	6
			B.10.32	Real holding gains/losses	-1

## V.IV.3: Closing balance sheet

Assets			Liabilities and net worth		
AN	Non-financial assets	0	AF	Liabilities	388

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

AN.2	Non-produced assets	0	AF.2	Currency and deposits	114
AN.21	Tangible non-produced assets	0	AF.3	Securities other than shares	99
AN.22	Intangible non-produced assets	0	AF.4	Loans	54
			AF.5	Shares and other equity	6
AF	Financial assets	630	AF.6	Insurance technical reserves	25
AF.1	Monetary gold and SDRs	0	AF.7	Other accounts payable	89
AF.2	Currency and deposits	116			
AF.3	Securities other than shares	134			
AF.4	Loans	80			
AF.5	Shares and other equity	118			
AF.6	Insurance technical reserves	26			
AF.7	Other accounts receivable	155			
			B.90	<i>Net worth</i>	242

#### GOODS AND SERVICES ACCOUNT (0)

- 8.78. The purpose of the goods and services account is to show, by product group and for the total economy, how the products available are used.
- 8.79. It therefore shows, by product group and for the total economy, the resources (output and imports) and the uses of goods and services (intermediate consumption, final consumption, gross fixed capital formation, changes in inventories, acquisitions less disposals of valuables, exports).
- 8.80. Given the way in which output is valued at basic prices and uses at purchaser's prices, taxes less subsidies on products must be included in the resources section.

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- 8.81. Uses are recorded on the right-hand side of the goods and services account and resources on the left, i.e. on the opposite side from that used in the current accounts for the institutional sectors, since the product flows are the counterparts of the monetary flows.
- 8.82. The goods and services account is by definition in balance and therefore has no balancing item.

TABLE 8.17 — ACCOUNT 0: GOODS AND SERVICES ACCOUNT

Resources			Uses		
P.1	Output	3 595	P.2	Intermediate consumption	1 904
P.11	Market output	3 048			
P.12	Output for own use	171	P.3/P.4	Final consumption expenditure/ actual final consumption	1 371
P.13	Other non-market output	376	P.31/P.41	Individual consumption expenditure/ actual individual consumption	1 215
D.21	Taxes on products	141	P.32/P.42	Collective consumption expenditure/ actual collective consumption	156
D.31	Subsidies on products	-8			
			P.51	Gross fixed capital formation	376
P.7	Imports of goods and services	497	P.511	Acquisitions less disposals of tangible fixed assets	303
P.71	Imports of goods	392	P.5111	Acquisitions of new tangible fixed assets	305
P.72	Imports of services	105	P.5112	Acquisitions of existing	11

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

				tangible fixed assets	
			P.5113	Disposals of existing tangible fixed assets	-13
			P.512	Acquisitions less disposals of intangible fixed assets	51
			P.5121	Acquisitions of new intangible fixed assets	53
			P.5122	Acquisitions of existing intangible fixed assets	6
			P.5123	Disposals of existing intangible fixed assets	-8
			P.513	Additions to the value of non-produced non-financial assets	22
			P.5131	Major improvements to non-produced non-financial assets	5
			P.5132	Costs of ownership transfer on non-produced non-financial assets	17
			P.52	Changes in inventories	28
			P.53	Acquisitions less disposals of valuables	10
			P.6	Exports of goods and services	536

**Changes to legislation:** There are outstanding changes not yet made to Council Regulation (EC) No 2223/96. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

			P.61	Exports of goods	462
			P.62	Exports of services	74

**INTEGRATED ECONOMIC ACCOUNTS**

8.83. The integrated economic accounts give a concise overview of the accounts of an economy: current accounts, accumulation accounts and balance sheets.

They bring together in the same table the accounts of all the institutional sectors, the total economy and the rest of the world, and balance all the flows and all the assets and liabilities. They also enable the aggregates to be read off directly.

8.84. In the table of integrated economic accounts, uses, assets and changes in assets are recorded on the left-hand side, while resources, liabilities, changes in liabilities and net worth are recorded on the right-hand side.

8.85. To make the table readable while giving a picture of the whole economic process, the levels of aggregation used are the highest compatible with an understanding of the structure of the system.

8.86. The columns in the table represent the institutional sectors, namely: non-financial corporations, financial corporations, general government, non-profit institutions serving households, and households. There are also a column for the total economy, a column for the rest of the world, and a column which balances uses and resources of goods and services.

8.87. The rows in the table represent the various categories of transactions, assets and liabilities, balancing items and certain aggregates.

Table 8.18 — Integrated economic accounts

**CURRENT ACCOUNTS**

Uses													Resources												
Account	Total	Goods	Rest of	S.1	Total	IS	FS	GP	NS	NPISH	GOV	Total	IS	FS	GP	NS	NPISH	GOV	Total	Accounts					
		and of	World	economy																					
		services																							
		(res)																							
		ources)																							
I.	497	497											P.7	Imports of goods and services						497	497	I.			
	536	536											P.6	Exports of goods and services						536	536				

Production/ external account of goods and services





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	58	0	58	0	2	2	3	51	D.2 D.3	Other taxes less subsidies on production	58			58	0		58	
	429		429	8	92	46	55	279	B.2	Operating surplus, gross	279	46	92	8	429		429	
	442		442		442				B.3	Mixed income, gross		442		442			442	
	217		217	5	60	16	45	139	B.2	Operating surplus, net	139	16	60	5	217		217	
	432		432		432				B.3	Mixed income, net		432		432			432	
II.1.	446	66	380	7	44	46	138	145	D.4	Property income	160	30	134	5	407	39	446	
	1855	primary income account	1855	6	1	221	29	209	B.5	Balance of primary incomes, gross/ national income, gross	209	221	1	6	1855		1855	
	1633		1633	3	1	191	19	72	B.5 B.5 * n	Balance of primary incomes, net/ national income, net	72	191	1	3	1633		1633	
II.2.	213	Secondary distribution of income account	213	0	178	0	10	24	D.5	Current taxes on income, wealth etc.	213			213	0		213	
	322	0	322		322				D.6	Social contributions	322	39	268	0	1	322	0	322
	332	0	332	1	0	289	29	13	D.6	Social benefits other			332		332	0	332	

II.2. Secondary  
distribution  
of  
income  
account

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										than social transfers in kind									
	278	9	269	2	71	139	46	11	D.7	Other current transfers	10	49	108	36	36	239	39		278
	1826		1	40	1	382	32	185	B.6g	Disposable income, gross	185	112	382	1	40	1			1826
			826	187												187			826
	1604		1	37	1	352	22	48	B.6n	Disposable income, net	48	112	352	1	37	1			1604
			604	145												145			604
II.3.	219		219	13		206			D.6	Social transfers in kind						219		219	
	1826		1	27	1	176	32	185	B.7g	Adjusted disposable income, gross	185	112	176	1	27	1			1826
			826	406												406			826
	1604		1	24	1	146	22	48	B.7n	Adjusted disposable income, net	48	112	146	1	24	1			1604
			604	364												364			604
II.4.									B.6g	Disposable income, gross			382	1	40	1			1826
																187			826
									B.6n	Disposable income, net			352	1	37	1			1604
																145			604
	1371		1		1	156			P.4	Actual final consumption								1	1371
			371		215													371	
	1371		1	13	996	362			P.3	Final consumption expenditure								1	1371
			371															371	
	11		0	11	0	0	11	0	D.8	Adjustment for the change in net equity of households			11		11	0			11

II.3. Redistribution of income in kind account

II.4. Use of income account



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	non-financial assets account									capital formation										
- 222		-222-3		-42	-30	-10	-13	7	K.1	Consumption of fixed capital (-)										
28		28 0		2 0	0 0			26	P.52	Changes in inventories								28	28	
10		10 0		5 3	0 0			2	P.53	Acquisitions less disposals of valuables								10	10	
0	0 0	0 1		4 2	0 0			-7	K.2	Acquisitions less disposals of non-produced non-financial assets										
0	-38 38	4		148 -50	5			-69	B.9	Net lending (+/- net borrowing (-))	-69 5	-50	148 4	38	-38					
III.2.	691 Financial account								F	Net acquisition of financial assets										
									F	Net incurrence of liabilities	140 232	170 33	28	603 88					691	
0	1 -1			0 -1					F.1	Monetary gold and SDRs										
130	11 119	12		68 7	15			17	F.2	Currency and deposits	130 2	0 0	132 -2						130	
																				III.2. Financial account

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	143	5	138	12	29	26	53	18	F.3	Securities other than shares	53	64	0	0	123	20		143		
	254	10	244	0	5	45	167	27	F.4	Loans	71	0	94	28	24	217	37		254	
	46	2	44	0	3	36	3	2	F.5	Shares and other equity	26	13	0		4	43	3		46	
	36	0	36	0	36	0	0	0	F.6	Insurance technical reserves	36	0			0	36	0		36	
	82	21	61	8	40	6	0	7	F.7	Other accounts receivable/payable	37	0	10	5	0	52	30		82	
III.3.1.	15		15	0	2	1	-2	14	K.3 and K.1	Other volume changes, total	3	2	-1	0	0	-2	0		-2	III.3.1. Other changes in volume of assets account
	24		24	0	0	0	0	24	K.3	Economic appearance of non-produced assets										
	3		3	0	0	3	0	0	K.4	Economic appearance of produced assets										
	4		4	0	0	4	0	0	K.5	Natural growth of non-cultivated biological resources										
	-9		-9	0	0	-2	0	-7	K.6	Economic disappearance of non-produced assets										
	-11	0	-11	0	0	-6	0	-5	K.7	Catastrophic losses	0	0	0	0	0	0	0		0	

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0		0	0	0	0	8	-3	-5	K.8	Uncompensated seizures	0	0	0	0	0	0		
1		1	0	0	0	0	0	1	K.9	Other volume changes in non-financial assets n.e.c.								
3		0	3	0	2	0	1	0	K.10	Other volume changes in financial assets and liabilities n.e.c.	4	2	0	0	0	-2	0	-2
0		0	0	0	0	-6	0	6	K.11	Changes in classifications and structure	0	-1	0	0	0	0	0	0
										of which:								
10		0	10	0	0	0	-2	12	AN	Non-financial assets								
-7			-7	0	0	-3	-2	-2	AN	Produced assets								
17		0	17	0	0	3	0	14	AN	Non-produced assets								
5		0	5	0	2	1	0	2	AF	Financial assets/Liabilities	-1	0	0	-2	0			-2
									B.10	Changes in net worth due to other changes in volume	-4	2	2	0	17	0		17



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	3875	0	3875	81	1124	590	40	2040	AN	Non-produced assets										
	7365	573	6792	172	1819	396	3508	897	AF	Financial assets/liabilities	817	384	687	289	121	6298	297		6595	
									B.90	Net worth	421	268	1300	4352	375	10416	276		10692	
IV.2.	Changes in balance sheet									Total changes in assets									IV.2.	Changes in balance sheet
	482	0	482	25	110	56	1	290	AN	Non-financial assets										
	289		289	21	61	25	-1	182	AN	produced assets										
	193	0	193	4	49	30	2	108	AN	non-produced assets										
	787	57	730	33	199	123	294	81	AF	Financial assets/liabilities	155	285	176	33	28	677	91		767	
									B.10	Changes in net worth, total	246	10	2	276	31	535	-34		501	
									B.10	Survival and capital transfers	65	4	-38	178	21	230	-38		192	
									B.10	Other changes in volume of assets	7	-4	2	2	0	17	0		17	
									B.10	Revaluation holding gains (+)/ losses (-)	34	10	38	96	10	288	4		292	



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IV.3.	10404	0.	10	349	2	1	145	5	AN	Non-financial assets									IV.3.	Closing balance sheet	
	6336		6336	2641	1759	1026	1033	3183	AN	produced assets											
	4068	0	4068	85	1173	620	42	2148	AN	non-produced assets											
	8152	6307	7522	2052	519018	3802	978	AF	Financial liabilities	B	863	322	149	6975	388					7362	
									B.90	Net worth	4278	1302	4628	406	10951	242					11193

#### AGGREGATES

8.88. The aggregates are summary indicators of the result of the activity of the total economy and key magnitudes for purposes of macro-economic analysis and comparisons over time and space.

#### GROSS DOMESTIC PRODUCT AT MARKET PRICES (GDP)

8.89. Gross domestic product at market prices is the final result of the production activity of resident producer units.

It can be defined in three ways:

- GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries). It is also the balancing item in the total economy production account.
- GDP is the sum of final uses of goods and services by resident institutional units (actual final consumption and gross capital formation), plus exports and minus imports of goods and services.
- GDP is the sum of uses in the total economy generation of income account (compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy).

8.90. By deducting consumption of fixed capital from GDP, we obtain net domestic product at market prices (NDP).

#### OPERATING SURPLUS OF THE TOTAL ECONOMY

8.91. The gross (or net) operating surplus of the total economy is the sum of the gross (or net) operating surpluses of the various industries or the various institutional sectors.

#### MIXED INCOME OF THE TOTAL ECONOMY

8.92. The gross (or net) mixed income of the total economy is identical with the gross (or net) mixed income of the household sector.

#### ENTREPRENEURIAL INCOME OF THE TOTAL ECONOMY

8.93. The gross (or net) entrepreneurial income of the total economy is the sum of the gross (or net) entrepreneurial incomes of the various sectors.

#### NATIONAL INCOME (AT MARKET PRICES)

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- 8.94. Gross (or net) national income (at market prices) represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), (gross or net) operating surplus and (gross or net) mixed income.

Gross national income (at market prices) equals GDP minus primary income payable by resident units to non-resident units plus primary income receivable by resident units from the rest of the world.

Gross national income (at market prices) is conceptually identical with gross national product (GNP) (at market prices), as hitherto understood in national accounts generally.

However, the GNP was calculated differently in 1979 ESA<sup>(6)</sup>.

National income is not a production concept but an income concept, which is more significant if expressed in net terms, i. e. after deduction of the consumption of fixed capital.

#### NATIONAL DISPOSABLE INCOME

- 8.95. Gross (or net) national disposable income is the sum of the gross (or net) disposable incomes of the institutional sectors. Gross (or net) national disposable income equals gross (or net) national income (at market prices) minus current transfers (current taxes on income, wealth etc., social contributions, social benefits and other current transfers) payable to non-resident units, plus current transfers receivable by resident units from the rest of the world.

#### SAVING

- 8.96. This aggregate measures the portion of national disposable income that is not used for final consumption expenditure. Gross (or net) national saving is the sum of the gross (or net) savings of the various institutional sectors.

#### CURRENT EXTERNAL BALANCE

- 8.97. The balancing item in the external account of primary income and current transfers represents the surplus (if it is negative) or the deficit (if it is positive) of the total economy on its current transactions (trade in goods and services, primary incomes, current transfers) with the rest of the world.

#### NET LENDING (+) OR BORROWING (-) OF THE TOTAL ECONOMY

- 8.98. The net lending (+) or borrowing (-) of the total economy is the sum of the net lending or borrowing of the institutional sectors. It represents the net resources that the total economy makes available to the rest of the world (if it is positive) or receives from the rest of the world (if it is negative). The net lending (+) or borrowing (-) of the total economy is equal but of opposite sign to the net borrowing (-) or lending (+) of the rest of the world.

#### NET WORTH OF THE TOTAL ECONOMY

- 8.99. The net worth of the total economy is the sum of the net worth of the institutional sectors. It represents the value of the non-financial assets of the total economy minus the balance of financial assets and liabilities of the rest of the world.

#### [<sup>F1</sup>GENERAL GOVERNMENT EXPENDITURE AND REVENUE

- 8.99 (a) General government expenditure and revenue are defined by reference to a list of ESA 95 categories.

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Government expenditure comprises the following ESA 95 categories, recorded under the use side of general government accounts, with the exception of D.3 and D.9 which are recorded under the resource side of general government accounts <sup>0</sup>:

P.2	Intermediate consumption
P.5	Gross capital formation
D.1	Compensation of employees
D.29	Other taxes on production
D.3	Subsidies, payable
D.4	Property income
D.5	Current taxes on income, wealth, etc.
D.62	Social benefits other than social transfers in kind
D.6311 + D.63121 + D.63131	Social transfers in kind related to expenditure on products supplied to households via market producers
D.7	Other current transfers
D.8	Adjustment for the change in net equity of households in pension funds reserves
D.9	Capital transfers, payable
K.2	Acquisitions less disposals of non-financial non-produced assets

Government revenue comprises the following ESA 95 categories, recorded under the resource side of general government accounts, with the exception of D.39 which is recorded under the use side of general government accounts:

P.11	Market output
P.12	Output for own final use
P.131	Payments for the other non-market output
D.2	Taxes on production and imports
D.39	Other subsidies on production, receivable
D.4	Property income
D.5	Current taxes on income, wealth, etc.
D.61	Social contributions
D.7	Other current transfers
D.9 <sup>a</sup>	Capital transfers

<sup>a</sup> Adjustments for taxes and social contributions assessed but never collected, when recorded under D.9, are considered as a negative revenue.

By definition, the difference between general government revenue and general government expenditure is net lending (+)/net borrowing (–) of the general government sector.

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The transactions D.41, D.7, D.92 and D.99 are consolidated. The other transactions are not consolidated.]

#### MATRIX PRESENTATION

- 8.100. Previous parts of this chapter have presented a sequence of (T-)accounts. At the same time, the concepts and definitions of the system allow other methods of presentation. These serve to provide additional insights and to enable different types of analysis.
- 8.101. The input-output table is a widely used matrix framework to supply detailed and coherently arranged information on the flow of goods and services and on the structure of production costs. This matrix contains more information than (T-)accounts for goods and services, production and the generation of income; for example, final consumption expenditure is shown by product group or industry of origin and intermediate consumption is shown both by product group or industry of origin and by product group or industry of destination. Disaggregated linkages between these accounts are further developed in the ESA's supply and use tables, through a specification of output of product groups by industry.
- 8.102. The rest of this section will demonstrate, first, that the full sequence of accounts and balancing items can also be presented in a matrix format. In this table, all transactions are presented for the total economy and for the rest of the world, respectively. In addition, an aggregate goods and services account is included.
- 8.103. Next, the general purposes that can be served by an accounting matrix will be discussed. A crucial feature is the wide range of possibilities for expanding or condensing such a matrix in accordance with specific circumstances and needs. Finally, it will be illustrated how this works out in practice. In particular, the linkages between the supply and use tables and the sectoral accounts will be elaborated through the insertion of labour accounts, to arrive at a Social Accounting Matrix (SAM) framework. A SAM serves, among other things, to enable a more integrated analysis of economic and social policy issues, including unemployment.

#### MATRIX PRESENTATION OF ESA ACCOUNTS

- 8.104. Table 8.19 presents the full sequence of accounts and balancing items in a matrix. For this purpose, the accounts for the primary distribution of income, for use of income and for other changes in assets have not been subdivided. Besides, the option is left open whether or not to combine the account for the redistribution of income in kind with the secondary distribution of income. Finally, an account that records net worth has been inserted.
- 8.105. The figures which are presented in the tables of this section correspond exactly to the numerical example worked out in the preceding part of this chapter. In all matrices, the boxes containing a balancing item have been framed with bold lines.
- 8.106. A matrix presentation permits each transaction to be represented by a single entry and the nature of the transaction to be inferred from its position. Each account is represented by a row and column pair and the convention is followed that resources are shown in the rows and uses are shown in the columns. For instance, net domestic product (1602) is payable by the economy's producers and received on the primary distribution of income account. Table 8.19 shows this in cell (3,2), that is, in row 3 and column 2. Since this table distinguishes transactions with the rest of the world in a separate account, its diagonal items, that is cells (3,3), (4,4), (5,5), (6,6), (7,7) and (8,8), contain only transactions among resident institutional units.

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- 8.107. The row and column totals have not been named. Their main function in matrix accounting is to ensure that all accounts indeed represent complete balances, in the sense that total incomings (row sums) equal total outgoings (column sums). In turn, meaningful balancing items, which connect successive accounts, can only be derived if this condition is fulfilled.
- 8.108. Row 1 shows the uses of goods and services, at purchaser's prices: intermediate consumption (1904) in column 2, final consumption (1371) in column 5, gross capital formation (414) in column 7 and exports (536) in column 14.
- 8.109. The elements in row 1 add up to total use of goods and services, at purchaser's prices (4225). Column 1 presents the supply of goods and services (also totalling 4225, of course). Output (at basic prices) plus taxes less subsidies on products (3728) is shown at the intersection with row 2. Imports (497) originate from the external account of goods and services (row 14).
- 8.110. Row 2 shows output (at basic prices) plus taxes less subsidies on products. Because of this valuation, the sum of row 2 (3728), and the concomitant sum of column 2, are inclusive of taxes less subsidies on products. This ensures that these taxes are incorporated in the balancing item of account 2, net domestic product (NDP), see cell (3,2). Most balancing items can be calculated gross or net. In this matrix, all balancing items are shown net. Consumption of fixed capital (222) is put directly on the capital subaccount for the acquisition of non-financial assets (row 7 and column 2).
- 8.111. Row 3 shows the receipts of primary income by the total economy: net domestic product in cell (3,2), property income from other resident sectors (341) on the diagonal, and primary income flows from the rest of the world (72) in cell (3,15). As this matrix does not subdivide the account for primary distribution of income, it does not break down value added payable by producers into various categories of value added, as recorded in the generation of income account.
- 8.112. Apart from the diagonal item, column 3 contains primary income payable to the rest of the world (41) in cell (15,3) and the balancing item, net national income (1633), that connects this account and the next one.
- 8.113. This matrix leaves open the option whether or not to combine the account for the redistribution of income in kind with the secondary distribution of income. If redistribution of income in kind is not shown, then the diagonal contains current transfers, excluding social transfers in kind, between resident sectors (1096). These transfers consist of current taxes on income, wealth, etc., social contributions and benefits other than social transfers in kind, and other current transfers. If redistribution of income in kind is incorporated, then the diagonal of account 4 also records social transfers in kind; aggregated with the other current transfer flows, this equals 1315. In both cases, row 4 opens with net national income, while current transfers from the rest of the world (10) are recorded in cell (4,15). Column 4 shows, in addition to the diagonal item, current transfers to the rest of the world (39), in cell (15,4), while the balancing item, (adjusted) net disposable income (1604), is put on the use of (adjusted) disposable income account.
- 8.114. If redistribution of income in kind is incorporated, then account 5 is the use of adjusted disposable income account. Otherwise, this account is the use of disposable income account. At the aggregate level, this is only a matter of terminology, for total disposable income equals total adjusted disposable income and total final consumption expenditure equals total actual final consumption. Apart from disposable income, the

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row of this account records an adjustment for changes in net equity of households on resident pension funds (11) on the diagonal and an adjustment for changes in net equity of households on non-resident pension funds (0) in column 15. The column contains, in addition to final consumption (1371) and the diagonal item, an adjustment for changes in net equity of non-resident households on resident pension funds (0), see cell (15,5), and the balancing item, net saving (233), which is put on the first capital subaccount (account 6).

- 8.115. For the capital account, two subaccounts have been distinguished. First, in the row of the account for change in net worth due to saving and capital transfers, net saving is augmented with capital transfers receivable from resident sectors (61), see cell (6,6), and from abroad (1), see cell (6,16).

In the column of this account, capital transfers payable are shown, to resident sectors and to abroad (4), see cell (16,6). This yields a balancing item, change in net worth due to saving and capital transfers (230), that is transferred to the changes in balance sheet account (account 11).

- 8.116. Next, the row of the account for acquisition of non-financial assets presents consumption of fixed capital (cell 7,2), the acquisitions less disposals of non-produced non-financial assets by resident units (0), see cell (7,7), and by non-resident units (0), see cell (7,17) and the changes in assets due to saving and capital transfers (833), see cell (7,12). This yields the total sum that is available to residents for the acquisition of assets. That acquisition is shown in two stages: first the acquisition of non-financial assets, in the column of this account, and then the acquisition of financial assets (including external financial assets), in the column of the next account. The column of this account, account 7, thus contains gross capital formation (cell 1,7), the diagonal item (7,7) discussed above, the changes in liabilities due to saving and capital transfers (603), see cell (12,7), and a balancing item, net lending of the total economy (38), that is put on the next account, for financial transactions.
- 8.117. Account 8, the financial account, opens with net lending of the total economy (cell 8,7) and adds financial transactions between resident sectors (553) on the diagonal and also the net incurrence of external liabilities (50), see cell (8,18). The column contains the diagonal item and the net acquisition of external financial assets (88) in cell (18,8). Of course, the net incurrence of external liabilities plus net lending of the total economy equals the net acquisition of external financial assets, so that in this account too the balance between row and column totals is maintained.
- 8.118. The account for other changes in assets, account 9, records in the row the changes in assets due to other changes (379), see cell (9,12), and in the column the changes in liabilities due to other changes (74), see cell (12,9), and the balancing item, changes in net worth due to other changes (305), see cell (11,9).
- 8.119. The last four accounts for the total economy refer to the balance sheets and the changes therein. First, the opening balance sheet gives in the row the opening stock of assets (16714), see cell (10,12), and in the column the opening stock of liabilities (6298), see cell (12,10), and the opening net worth (10416), see cell (13,10). Next, the account for changes in balance sheet records both components of these changes in the row, see cells (11,6) and (11,9), and the total changes in net worth (535) in the column, see cell (13,11). Then, the closing balance sheet presents in the row the opening stock of liabilities (cell 12,10), both components of changes in liabilities (cells 12,7 and 12,9), and the closing net worth (10951), see cell (12,13). Of course, the sum of these elements equals the closing stock of assets, which is also computed in the column of this account: the opening stock of assets (cell 10,12) plus both components of changes in assets, see cells (7,12) and (9,12). Finally, the extra account for net worth gives

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opening net worth (cell 13,10) and total changes in net worth (cell 13,11) in the row and closing net worth in the column (cell 12,13).

- 8.120. For the rest of the world, the same accounts have been included as for the total economy, albeit in a slightly more aggregate form. First, the external account of goods and services presents in the row imports by the total economy (cell 14,1) and in the column exports (cell 1,14) and the balancing item (cell 15,14), the external balance of goods and services (- 39). Note that all balancing items of accounts for the rest of the world are viewed from the perspective of the rest of the world. In order to obtain the relevant aggregates for the total economy, the sign must therefore be reversed.
- 8.121. Secondly, the external account of primary incomes and current transfers records the balancing item of the previous account, and also primary income, current transfers and adjustment for the change in net equity of households on pension funds, to and from the rest of the world, respectively. These items have already been discussed above. All this yields the current external balance (- 41), shown in cell (16,15).
- 8.122. Thirdly, the capital account for the rest of the world has also been split into two sub-accounts: one for the current external balance, capital transfers to and from the rest of the world and the balancing item, changes in the net external financial position due to the current external balance and capital transfers (- 38), see cell (21,16); another one for changes in assets due to the current external balance and capital transfers (50), see cell (17,22), acquisitions less disposals of non-produced non-financial assets by non-resident units, see cell (7,17), changes in liabilities due to the current external balance and capital transfers (88), see cell (22,17), and the balancing item net lending of the rest of the world (- 38), transferred to the next account.
- 8.123. Fourthly, the financial account gives the net acquisition of external financial assets (cell 18,8) and net lending of the rest of the world (cell 18,17) in the row, and the net incurrence of external liabilities (cell 8,18) in the column. Fifthly, the account for other changes in assets presents in the row such changes of assets (7), see cell (19,22), and in the column such changes of liabilities (3), see cell (22,19), and also the balancing item, changes in the net external financial position due to other changes (4), see cell (21,19).
- 8.124. Finally, the balance sheets for the rest of the world are analogous to those for the total economy. Elements not yet mentioned above are: the opening stock of external assets (573), see cell (20,22), the opening stock of external liabilities (297), see cell (22,20), the opening net external financial position of the rest of the world vis-à-vis the total economy (276), see cell (23,20), total changes in the net external financial position of the rest of the world (- 34), see cell (23,21), and the closing financial position of the rest of the world vis-à-vis the total economy (242), see cell (22,23).
- 8.125. As a next step, this reduced format matrix can be disaggregated to show the full sequence of accounts, including details for transactors and transaction categories. However, the full potential of matrix accounting can be realized if not all accounts are detailed in the same way, but instead for each account the most relevant classification is selected. This feature is dealt with at greater length in the next subsection.

#### PROPERTIES OF ACCOUNTING MATRICES

- 8.126. Each entry in an aggregate matrix such as table 8.19 can be considered as the grand total of a submatrix in which categories of transactors involved at either end of the set of transactions under consideration are presented. A very useful option in a matrix presentation of accounts is that different types of transactors and groupings thereof can be selected in each account, without giving up the coherence and the integration of the complete accounting system. This means that one may apply ‘multiple acting

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and multiple sectoring', by choosing in each account a unit and a classification of units which are most relevant to the set of economic flows under consideration.

- 8.127. In principle, each account can be broken down in two rather different ways: by subdividing the total economy into groups of units, or by assigning the categories of transactions shown in an account to various sub-accounts. For instance, a subdivision of the total economy in the first five accounts could run as follows:
- (a) distinguish products in the goods and services account and classify these by product groups;
  - (b) distinguish local kind-of-activity units in the production account and classify these by industries;
  - (c) distinguish institutional units in the accounts for the primary and secondary distribution of income and for the use of income and classify these by institutional (sub)sectors.
- 8.128. these subdivisions have two major consequences. First, for all categories of transactions distinguished in a single cell of these accounts it becomes clear which group of paying units has exchanged what with which group of receiving units. Secondly, the interrelations among various economic flows are revealed through detailed cross-classifications. For instance, in the example given in the previous paragraph, a simple circular flow of income is presented, at a meso-level, through the following mappings:
- (a) sub-matrix (3,2) shows which institutional subsector receives primary income and disposable income from which institutional subsector (naturally, in the distribution of income accounts and in the use of income account different classifications can be applied, and then these sub-matrices are no longer diagonal);
  - (b) sub-matrices (4,3) and (5,4) show which institutional subsector receives primary income and disposable income from which institutional subsector (naturally, in the distribution of income accounts and in the use of income account different classifications can be applied, and then these sub-matrices are no longer diagonal);
  - (c) sub-matrix (1,5) shows which product group is consumed by which institutional subsectors; and
  - (d) sub-matrix (2,1) shows which industry makes which product groups.
- 8.129. When compiling such a matrix, it is convenient to start by designing an accounting structure which is relevant to the applications envisaged. Subsequently, in each account the most appropriate units and classifications of units are selected. However, in practice it will be an interactive process. Suppose, for instance, that there is a transaction category for which only total receipts and payments of transactors (the row and column totals of a sub-matrix) are known, and not who paid whom (the interior structure of the sub-matrix). This problem can be solved by the insertion of an undivided, dummy account.
- 8.130. Among the general properties of a matrix presentation of accounts are the following:
- (a) a detailed matrix presentation is suitable for mathematical treatment using matrix algebra; this can also be of help when balancing the accounts;
  - (b) a detailed matrix presents a simultaneous breakdown of interrelated transactions by paying and receiving units; as a consequence, it is an appropriate format to reveal, at



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- a meso-level, interrelations among economic flows; this includes those flows which involve two different types of units (e. g. final consumption expenditure on various categories of goods and services by a number of household subsectors);
- (c) for a set of accounts giving a breakdown of transactions by paying and receiving units, a matrix presentation is more concise than other methods of presentation; the payment by one unit and the receipt by another unit involved in each transaction are represented by a single entry.
- 8.131. An aggregate matrix for the total economy can serve as a reference table for subsequent, more detailed tables. As soon as the reader is then introduced to a detailed presentation of parts of the system (supply and use tables, sector accounts, etc.), the relation of the detailed submatrices to the aggregate matrix should be clear through a system of codes. The matrix format is particularly advantageous if it is not possible or desirable to show an equally detailed classification in all accounts of the system.
- 8.132. The matrix presentation is a suitable tool for exploring the flexibility of the system. For instance, one may further elaborate on the interrelations between the social and economic aspects of the system to arrive at a Social Accounting Matrix. The SAM approach is set out and illustrated in the next subsection of this chapter.

#### ADAPTATION OF THE REDUCED FORMAT MATRIX TO SPECIFIC TYPES OF ANALYSIS

- 8.133. The supply and use tables opt for a classification of rows and columns which is most suitable to describe the economic processes under consideration, namely the processes of production and use of products. However, those matrices do not incorporate the interrelations between value added and final expenditure. By extending a supply and use table, or an input-output table, to show the entire circular flow of income at a meso-level, one captures an essential feature of a Social Accounting Matrix (SAM).
- 8.134. A SAM is defined here as: The presentation of ESA-accounts in a matrix which elaborates on the linkages between a supply and use table and sector accounts. SAMs typically focus on the role of people in the economy, which may be reflected by, among other things, extra breakdown of the household sector and a disaggregated representation of labour markets (i. e. distinguishing various categories of employed persons).
- 8.135. An important social concern is the level and composition of (un)employment. A SAM commonly provides additional information on this issue, via a subdivision of compensation of employees by type of person employed. This subdivision applies to both the use of labour by industry, as shown in the supply and use tables, and the supply of labour by socio-economic subgroup, as shown in the allocation of primary income account for households. It implies that the matrix presents not only the supply and use of various product groups, but also the supply and use of various categories of labour services.
- 8.136. The classification of (self-)employed persons may be based on a combination of background and (main) job characteristics, such as sex, schooling, age and place of residence on the one hand, and occupation, type of job contract (full-time/part-time, permanent/temporary) and region and subsector of employment on the other hand. Another consideration should be that within-group variations in relative wage rate changes are smaller than between-group variations. A classification by industry of employment is less relevant, because this is already shown in the SAM by the cross-classification of value added.











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V.4.22 Closing balance sheet														Change in external liabilities due to current external balance and capital transfers	Change in external liabilities due to other external changes	Opening stock external liabilities	Closing net external financial position	
														88	3	297	242630	
Net worth																Open net in external financial position, total	Change in net external financial position, total	242
Total	4	3	2	2	1	2951	64	137916	53517	10	49741	-	50	50	7	573	-	630242
	225728015739615					055		714	926951			37				34		

type of person and household group (expressed in 'full-time' equivalents) yields detailed information on the composition of unemployed and an aggregate indicator ('full-time equivalent unemployment') which is consistent, both conceptually and numerically, with the other macro-economic indicators; these can also be derived from the SAM framework. Moreover, juxtaposing the head-count of the employed persons (excluding foreigners) and the potential labour force in this data set reveals unemployment as conventionally defined.

8.139. At this stage, it is perhaps useful to work out an illustrative SAM. For this purpose, table 8.20 exemplifies the design of a SAM which records all transactions distinguished in the system (that is, all flows excluding 'other changes in assets'). The main novelty refers to a new meaning that is attached to the generation of income account, in order to facilitate a linkage of detailed labour market analyses and the national accounts. The aggregate SAM shown here is meant as a summary table, to which subsequent, more detailed tables can refer. Possible types of classification in each account are indicated in parentheses in the row and column headings.

8.140. The sequence of accounts in this matrix is the same as in table 8.19. Turning that matrix into the aggregate SAM presented here implies:

- deleting the other changes in assets account, the opening balance sheet, the changes in balance sheets account, the closing balance sheet and the net worth account, both for the total economy and for the rest of the world, and deleting the external financial account;
- subdividing the primary distribution of income account and the second capital sub-account; and

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- (c) combining both capital sub-accounts (excluding fixed capital formation) and combining the external account of goods and services and the external account of primary incomes and current transfers.
- 8.141. The first two rows and columns of table 8.20 contain an aggregated version of the supply and use table, here explicitly linked up with the other accounts of the system. Note that rows and columns of the supply table (cell II,I) have been transposed.
- 8.142. The third account records the generation of income and plays an important role. It is classified by primary input category: (1) compensation of various types of employees, (2) other taxes less subsidies on production, (3) net operating surplus and (4) net mixed income.
- 8.143. Here, this account accommodates transactions between two different types of units. In particular, this refers to compensation of employees, which is recorded as a transaction (work in return for compensation) between an institutional unit (employer) and a person (employee). In this SAM, employed persons are considered as separate units who receive compensation of employees in the generation of income account and distribute this income to their household in the allocation of primary income account. These units are subsequently classified into groups of (self-)employed persons. This representation serves to integrate labour market analyses and the national accounts.
- 8.144. The (residual) mixed income and operating surplus remain with the producing unit, but the classification of producing units need not be the same as in the production account. In effect, some classification by institutional subsector is particularly relevant to operating surplus and mixed income. This implies a cross-classification of these value added components by industry and institutional subsector in the SAM.
- 8.145. As the balancing item in cell (III,II) equals total domestic value added, the primary input categories encompass all persons employed in resident enterprises. In column III, compensation of non-resident persons employed in resident enterprises is then handed over to the rest of the world. A meaningful, national balancing item is only obtained in account III if compensation of resident persons employed in non-resident enterprises is added first. This is done in row III and for this purpose a separate category, resident persons employed in non-resident enterprises, may be created. An additional advantage of inserting this category is that it facilitates the estimation of employment as conventionally defined.
- 8.146. The result of all this is that the generation of income account is closed with a new balancing item (1 473), in between the total net value added and NNI. This balancing item, named total net generated income, at basic prices, gives total income earned by resident institutional units as a result of being engaged in production.
- 8.147. The allocation of primary income account of a detailed SAM presents household labour income(s) as a contribution by one or more (self-)employed household members. Among other things, this will indicate to what extent each household group depends on multiple sources of (labour) income. Apart from this, the transaction categories in the distribution and use of income accounts are the same as in the previous table.
- 8.148. In the design of this SAM, the capital and financial accounts have been interlaced, with the financial account classified not by institutional sector but by type of financial asset. As a consequence, a disaggregation of this SAM would show, by institutional subsector, both acquisitions less disposals of various types of financial assets, see cell (IX,VII), and incurrence less repayment of various types of liabilities, see cell



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(VII,IX). These two categories of transactions have been combined as far as the rest of the world is involved. This serves to include the balancing item net lending in table 8.20, though with a reverse sign when viewed from the standpoint of the national economy (cell IX,XI).

8.149. A large part of total volume changes in net worth probably consists of increases in fixed assets. If one is particularly interested in the dynamics of an economy, it is important to show in which industries production capacity has been expanded. This is the aim of the fixed capital formation account (account VIII) inserted in this SAM. A more detailed table would then present:

- (a) who invests where in the rows of this account — cell (VIII,VII); and
- (b) where does one invest in what in the columns — cell (I,VII).

In this case, the who refers to an institutional subsector, the where refers to an industry, and the what refers to a product group. Through this fixed capital formation account the SAM shows at a meso-level the linkages which exist between fixed capital formation by institutional sector, as presented in the capital account, and fixed capital formation by product group, as contained in the supply and use tables.

8.150. Table 8.21 serves to illustrate what kind of information can be derived from a more detailed SAM. Its main purpose is to show:

- (a) the circular flow of income, including a subdivision of labour income by a few categories of employed persons; this enables a more detailed analysis of the linkage between value added of industries and primary income of household subgroups;
- (b) the interdependence between the distribution of income and the structure of production; among other things, this is related to diverging demand patterns of various household subgroups;
- (c) the subsectoral allocation of saving, including a subdivision of fixed capital formation by investing industry; this enables a more detailed analysis of the linkage between fixed capital formation of subsectors and fixed capital formation by product group.

For purposes of presentation, the number of groups in each account is kept to a minimum. Obviously, a fully-fledged SAM should distinguish more categories per account.

8.151. As a SAM integrates both income and expenditure flows and the supply and use tables at a meso-level, it may serve as a format for the estimation of a wide set of accounts. The SAM approach is particularly useful if one wants to reconcile detailed information on, for example, production and international trade with basic data from, for example, a labour force survey, a household budget survey and an investment survey for industries. In addition, casting accounts into a SAM framework implies that matrix algebra can be applied to balance them.

8.152. Integration of more basic data entails the possibility of more policy issues being monitored, and analysed and interrelated. Above all, the linkage of employment and income distribution aspects to more macro-oriented objectives such as NDP growth, balance of payments equilibrium, stable price levels, etc. comes within reach with a SAM. In addition, the SAM provides a framework and consistent (base-year) data for economy-wide (general equilibrium) models with detailed classifications of actors, including industries, labour types and household subgroups.

8.153. Table 8.22 shows part of the information contained in a fully-fledged SAM. It looks at total net value added, i.e. cell (3,2) of the aggregate table 8.20, through a magnifying

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glass. To facilitate cross-reference with the supply and use table, industries are only classified by NACE Rev. 1 sections. Male and female labour incomes are broken down by category of occupation and place of residence of the employed person. Net operating surplus is shown according to the (sub)sector of the enterprise to which the establishment belongs, and net mixed income according to the location of the household enterprise. In this example, mixed income still includes an imputed remuneration for the labour of the self-employed. Obviously, the figures in this table add up to the concomitant totals shown in tables 8.20 and 8.21. For instance, total net value added appears in the bottom right-hand corner.

- 8.154. The additional insights which can be obtained from such a table include the following:
- the share of female labour income by industry and region;
  - the degree of concentration of female labour income in a certain occupational category, by industry and region;
  - the composition of labour income by occupation in each industry and region, for both sexes;
  - the regional split of mixed income by industry;
  - the weight of public enterprise and foreign-controlled corporations in the operating surplus of each industry.
- 8.155. In this table, the detailed information on compensation of employees comes from labour statistics; its integration into a national accounts framework will improve the relevance as well as the reliability of both this source and the national accounts.

Labour incomes as presented in this table can be decomposed into a volume and a price component by labour type and industry: full-time equivalent employment and (weighted, full-time equivalent) wage rates, respectively. Apart from that, a fully-fledged SAM also contains a table showing the allocation of these labour incomes and the concomitant employment to household groups. Similar transactions might be shown for imputed labour income of the self-employed.

A data set which contains an estimate of imputed labour income of the self-employed person units as well as a split of all labour income into a volume and a price component yields detailed labour data which are quite useful for all kinds of analysis and which are directly linked to all important macro-economic aggregates, including employment (that is, the total number of employed person units) and full-time equivalent employment (that is, total labour input volume).

TABLE 8.20 — SCHEMATIC PRESENTATION OF A SOCIAL ACCOUNTING MATRIX

ACCOUNT	0. Goods and services (production (industries))	TOTAL ECONOMY						REST OF THE WORLD	TOTAL
		II.1.1 Primary industries (primary income)	II.1 of primary income	II.2 Secondary industries (secondary income)	II.4 Tertiary industries (tertiary income)	Capital (institutional sectors)	Gross value added (GVA) (industries)		

a Including acquisitions less disposals of valuables.

b Including acquisitions less disposals of non-financial assets.

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		input (institutional categories)											
		I = 1	II = 2	III = 3a	IV = 3b	V = 4	VI = 5	VII = 6/a	VIII = 6/b	IX = 7/a	X = 7/b	XI = 14/15	16/17
<b>0. Goods and services (product)</b>	<b>I = 1</b>	Trade and transport margins	Intermediate consumption				Final consumption	Change in inventories	Gross fixed capital formation			Exports of goods and services	
		0	1 904				1 371	38	376			536	4 225
<b>TOTAL ECONOMIC</b>	<b>II = 2</b>	Output											
	<b>III = 3a</b>	NET VALUE ADDED (BASIC PRICES)										Compensation of employees from the rest of the world	
		3 595	1 469									6	1 475
	<b>IV = 3b</b>	Taxes less subsidies on products		GENERATED INCOME NET (BASIC PRICES)	PROPERTY INCOME							Property income and taxes less subsidies on production from the rest of the world	
		133		1 473	341							66	2 013
<b>ROW II.2</b>	<b>V = 4</b>	Secondary distribution of income			NATIONAL INCOME NET	Current transfers						Current transfers from the	

**a** Including acquisitions less disposals of valuables.

**b** Including acquisitions less disposals of non-financial assets.

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									rest of the world	
				1 633	1 096				10	2 739
<b>II.4</b>	<b>VI = 5</b>									
<b>Use of disposable income (institutional sectors)</b>					<b>DISPOSABLE INCOME, NET</b>	<b>Subsistent</b>			<b>Adjustment for the change in net equity of households on pension funds from the rest of the world</b>	
					1 604	11			0	1 615
<b>Capital (institutional sectors)</b>	<b>VII = 6/7a</b>					<b>SAVING NET</b>	<b>Capital transfers<sup>b</sup></b>	<b>Net incurrence of liabilities</b>	<b>Capital transfers from the rest of the world<sup>b</sup></b>	
						233	61	603	1	898
<b>Gross fixed capital formation (industries)</b>	<b>VIII = 7b</b>	<b>Consumption of fixed capital</b>					<b>Net fixed capital formation</b>			
		222					154			376
<b>III.2</b>	<b>IX = 8</b>						<b>Net acquisitions of financial assets</b>		<b>NET LENDING OF THE REST OF</b>	

**a** Including acquisitions less disposals of valuables.

**b** Including acquisitions less disposals of non-financial assets.











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	Rural	IIIb	0,5	0,0	0,4	5,6	0,1	1,3	6,2	0,6	0,4	1,6	0,8	1,8	4,3	0,6	24,2	47,8	
	Urban	IIIb	0,0	0,0	1,2	49,6	2,9	4,6	14,3	2,5	1,0	8,8	4,7	9,0	4,9	2,0	36,6	142,1	
	Rural	IIIc	0,0	0,0	0,0	1,3	0,0	0,1	0,2	0,0	0,0	1,0	0,3	0,9	9,3	2,4	5,5	21,0	
	Urban	IIIc	0,0	0,0	0,1	7,3	0,1	0,3	0,3	0,1	0,0	3,6	1,1	4,8	10,6	9,8	11,2	49,3	
	Non-resident employees	IIIc	0,1	0,1	0,1	0,9	0,0	0,2	0,2	0,0	0,1	0,0	0,0	0,3	0,0	0,0	0,0	2,0	
	Residents in non-resident enterprises	IIIc																	
	Other taxes less subsidies on production	IIIc	2,0	0,0	- 2,0	41,1	14,9	5,0	0,0	0,0	- 6,0	8,3	3,7	1,0	0,0	0,0	4,0	58,0	
	Operating surplus (owner-occupied housing)	IIIc											60,0					60,0	
	NPISH and government unincorporated enterprises	IIIc	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	21,0	21,0	
	Corporate	IIIc	0,1	0,0	2,7	8,0	9,0	1,1	- 12,0	1,1	3,6	1,5	1,0		0,0	6,2	10,1	- 5,0	26,3
	National private	IIIc	0,0	0,0	0,4	13,0	0,1	21,9	6,0	2,7	7,1	14,8	4,0		0,0	1,3	11,5	- 35,0	103,7
	Foreign	IIIc	0,0	0,0	1,4	6,0	0,0	0,4	0,5	0,3	1,8	2,2	1,5		0,0	0,0	0,0	- 8,0	6,1
	Mixed income, net	IIIc	2,3	1,4	0,0	65,4	0,0	9,4	10,7	0,5	3,0	32,9	0,0	0,0	3,4	2,1		141,6	
	Urban	IIIc	0,2	0,2	0,0	161,6	0,0	25,6	20,4	4,3	2,5	2,0	61,1	0,0	7,6	4,9		290,4	
	Subtotals:																		
	Compensation of employees (paid by resident production)		8,0	1,0	13,0	17,8	55,8	0,39	0,05	3,15	15,9	35,5	118,4	39,1	167,0	22,3	103,6	761,8	
	— Resident male	IIIa	0,9	0,8	11,2	33,8	51,4	1,7	5,8	14,3	20,1	111,3	21,9	93,7	16,5	22,7		472,2	
	— Resident female	IIIb	0,0	0,1	1,7	83,1	3,0	6,4	21,3	3,5	1,5	15,4	7,1	16,9	29,9	15,8	80,9	287,6	
	— Non-resident	IIIc	0,1	0,1	0,1	0,9	0,0	0,2	0,2	0,0	0,1	0,0	0,0	0,3	0,0	0,0	0,0	2,0	
	Mixed income and operating surplus		23,2	1,8	4,5	254,0	0,1	58,4	25,8	8,0	15,5	23,5	205,0	0,0	18,5	49,6	48,0	49,1	
	— Operating surplus, net	IIIc	0,8	0,2	4,5	27,0	0,1	23,4	5,6	8,1	12,5	18,5	11,6	0,0	7,5	42,6	48,0	17,1	

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<b>— Mixed income, net</b>	<b>III</b>	2,41,6	0,0	227,0	0,0	35,031,	14,9	3,0	5,0	94,00,0	0,0	11,07,0	432,0
<b>Total net value added</b>	<b>III</b>	29,22,8	15,5612,	32,5121,	64,513,	325,467,	3227,40,	167,040,	8157,248,	1468,9			

#### Textual Amendments

- F2** Substituted by Commission Regulation (EU) No 715/2010 of 10 August 2010 amending Council Regulation (EC) No 2223/96 as regards adaptations following the revision of the statistical classification of economic activities NACE Revision 2 and the statistical classification of products by activity (CPA) in national accounts.

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- (1) See chapter 3: 'Transactions in products'.
- (2) The social contributions shown on the uses side of the secondary distribution of income account of households are net of the service charges of the pension funds and other insurance companies, all or part of whose resources are made up of actual social contributions.
- (3) See chapter 4: 'Distributive transactions'.
- (4) See chapter 5: 'Financial transactions' and chapter 6: 'Other flows'.
- (5) See chapter 7: 'Balance sheets'.
- (6) In 1979 ESA, GNP (at market prices) was calculated by adding to gross domestic product (at market prices) the compensation of employees and the property income received from the rest of the world and by deducting the corresponding flows paid to the rest of the world.

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**Changes and effects yet to be applied to :**

- Regulation revoked by [S.I. 2021/1300 Sch. 1 para. 13](#)