Office for National Statistics

Compendium

Chapter 01: National Accounts at a glance

Contact:
Catherine Marks
blue.book.coordination@ons.gsi.
gov.uk

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1 . Corrections

Wednesday 24 June, 2015 09:30

An error has been identified in the estimate of expenditure on Narcotics within Household Final Consumption Expenditure. Data from 1997 to the latest period are affected for series' ABPB, ABPF, ABQI, ABQJ, ADFL, ADIS, MNC2, MNC4, UTIE, UTIG, UTII and UTIK. Higher level aggregates including Gross Domestic Product are also affected, and details of the impact on current price GDP up to 2010 have been provided in an article. Further impacts for later years will be provided for Chained Volume Measure estimates and more recent periods during July and August, and the revised figures will be published within the National Accounts on 30 September 2015. In the meanwhile users of these series are advised to check with ONS before using these series.

Wednesday 24 June, 2015 09:30

An error has been identified in the estimate of insurance industry output within Financial Corporations Output. Data from 2009 to the latest period are affected for series' NHCT, NHCX, FAIQ, NSSG, KTMQ, NQNV, NQBE, NHDB, FAIS and QWLK. Higher level aggregates including Gross Domestic Product are also affected, and details of the impact on current price GDP up to 2010 have been provided in an article article. Further impacts for later years will be provided for Chained Volume Measure estimates of GDP and more recent periods during July and August, and the revised figures will be published within the national Accounts on 30 September 2015. In the meanwhile users of these series are advised to check with ONS before using these series.

ONS apologises for any inconvenience this may cause.

2 . National Accounts at a glance

This chapter provides a summary of the UK National Accounts, including gross domestic product (GDP) and gross final expenditure.

Figure 1.1: Chained volume measure GDP, percentage change, latest year on previous year, 2003 to 2013

Percentage change
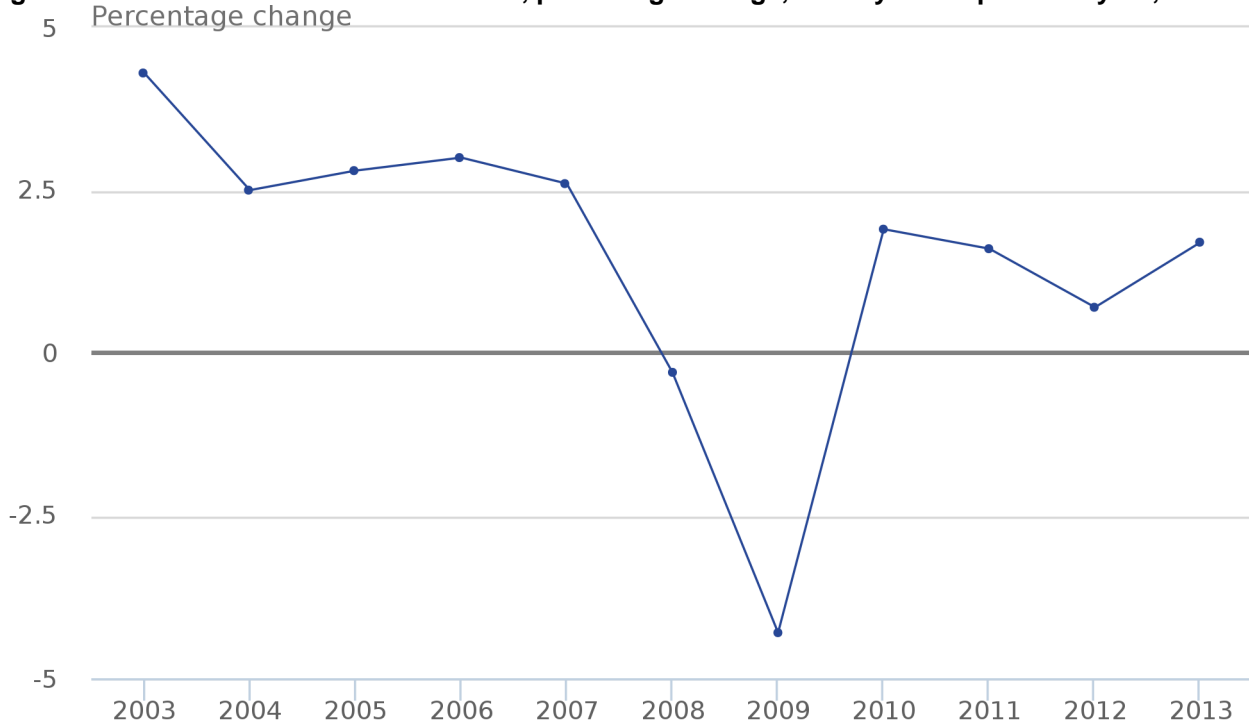
Source: Office for National Statistics

In 2013 economic activity, as measured by the chained volume measure of GDP – sometimes referred to as real GDP – was 1.7% higher than in 2012, compared with growth of 0.7% in the previous year. GDP growth was relatively stable between 2003 and 2007. In 2008 GDP fell by 0.3% and fell again in 2009 by 4.3%, before a recovery of 1.9% in 2010.

GDP in current market prices – sometimes referred to as nominal GDP – increased by 3.5% between 2012 and 2013, compared with growth of 2.3% between 2011 and 2012.

Figure 1.2: Annual changes in the GDP at market prices deflator, 2003 to 2013

Percentage change
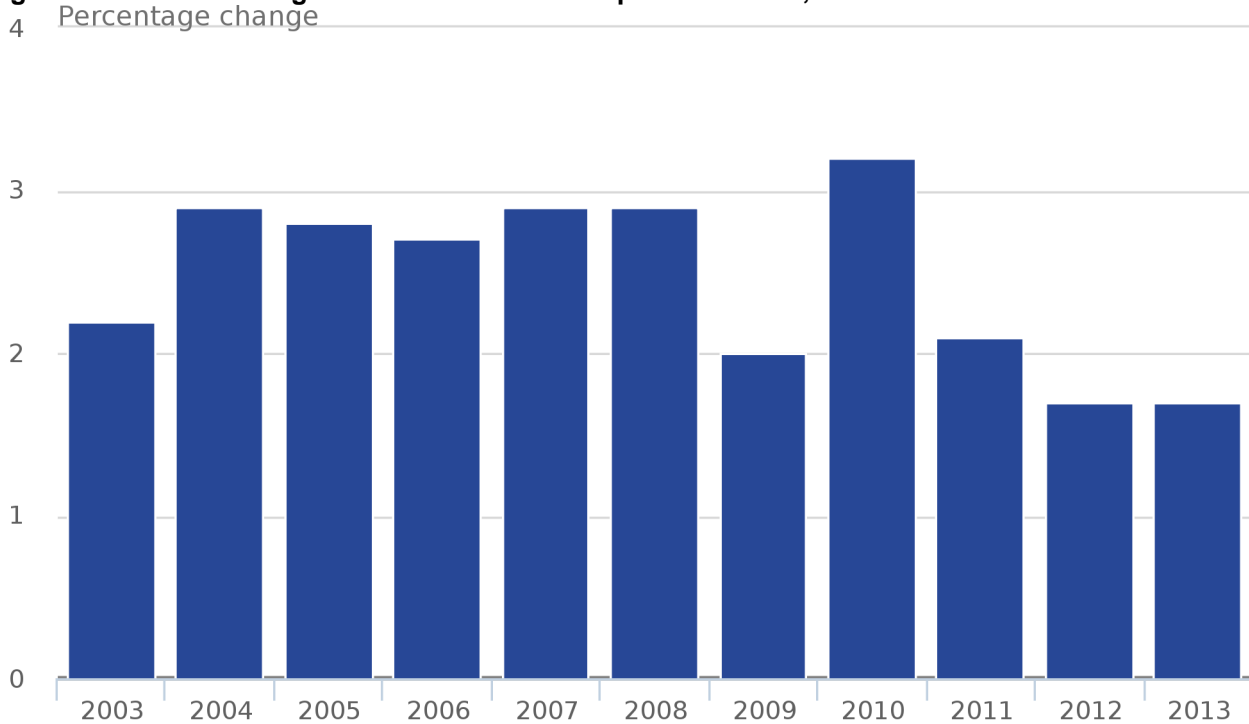
Source: Office for National Statistics

The GDP implied deflator at market prices was 1.7% in 2013. The GDP implied deflator is calculated by dividing current price (nominal) GDP by chained volume measure (real) GDP and multiplying by 100 to convert to an index.

Table 1a: Contributions to annual growth in the chained volume measure of GDP, 2013

|		Change in GDP
Component	£ million	Percentage points[2]
Households and non-profit institutions serving households final expenditure	17,107	1.1
General government final expenditure	2,548	0.2
Gross fixed capital formation	8,321	0.5
Change in inventories	5,423	0.3
Net trade	-223	0.0
Other[1]	-5,016	-0.3
Total	28,160	1.7%

Source: Office for National Statistics

Notes:

1. Comprises acquisition of valuables and the statistical discrepancy between the expenditure measure and the average measure of GDP.

2. Components may not sum to total due to rounding

The chained volume measure of GDP grew by 1.7% in 2013. Total expenditure can be decomposed into components. Table 1a shows what effect each component would have if all other components had remained unchanged. Four of the six components had a positive contribution, with households and non-profit institutions serving households having the largest contribution of 1.1%.


Figure 1.3: Gross Final Expenditure at current prices: share by category of expenditure, 2013
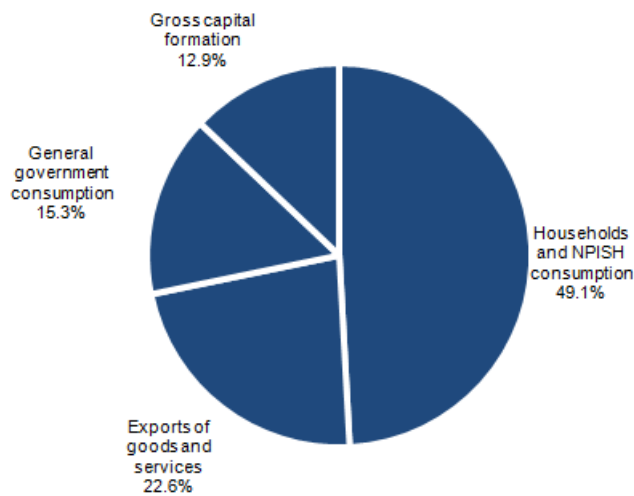
Source: Office for National Statistics

Gross final expenditure (GFE) measures the sum of the final uses of goods and services produced by, or imported to the UK. In 2013, households and non-profit institutions serving households (NPISH) final consumption expenditure contributed the largest share of GFE in current prices, accounting for 49.1%. Exports of goods and services accounts for 22.6%, with general government (15.3%) and gross capital formation (12.9%) making up the remainder.
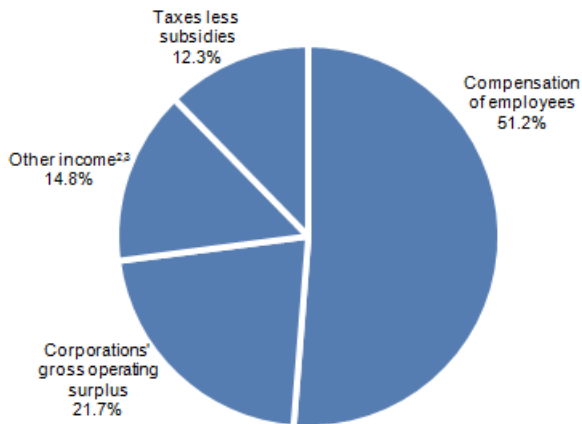

Figure 1.4: Gross Final Expenditure at current prices: share by category of expenditure, 2003
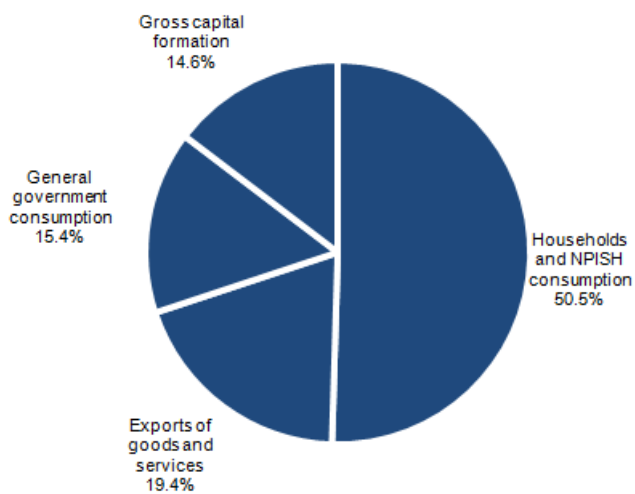
In 2003 there was a similar pattern with households and NPISH accounting for 50.5% of GFE, followed by exports of goods and services (19.4%), general government consumption (15.4%) and gross capital formation (14.6%).

Figure 1.5: GDP at current market prices: share by category of income, 2013

Notes:

1. Totals may not sum to 100 due to rounding.

2. Includes mixed income and the operating surplus of the non-corporate sector.

3. Includes statistical discrepancy.

The income approach to GDP measures the income earned by individuals and corporations in the production of goods and services. In 2013, more than half (51.2%) of GDP at current market prices was accounted for by compensation of employees, which comprises mainly of wages and salaries, but also pension contributions. Corporations' gross operating surplus, the profits of UK-based companies, accounted for a further 21.7% which, when combined with compensation of employees, contributed almost three quarters of the income measure of GDP. The remaining quarter comprises other income (14.8%) and taxes less subsidies (12.3%).

Figure 1.6: GDP at current market prices: share by category of income, 2003
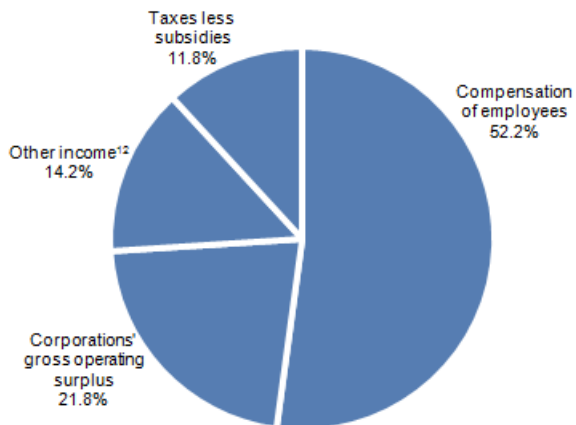
In 2003 there was a similar pattern; more than half (52.2%) of GDP at current market prices was accounted for by compensation of employees, with gross operating surplus of corporations contributing just over a fifth (21.8%).

Figure 1.7: GVA at basic prices, by industry , 2003 to 2013
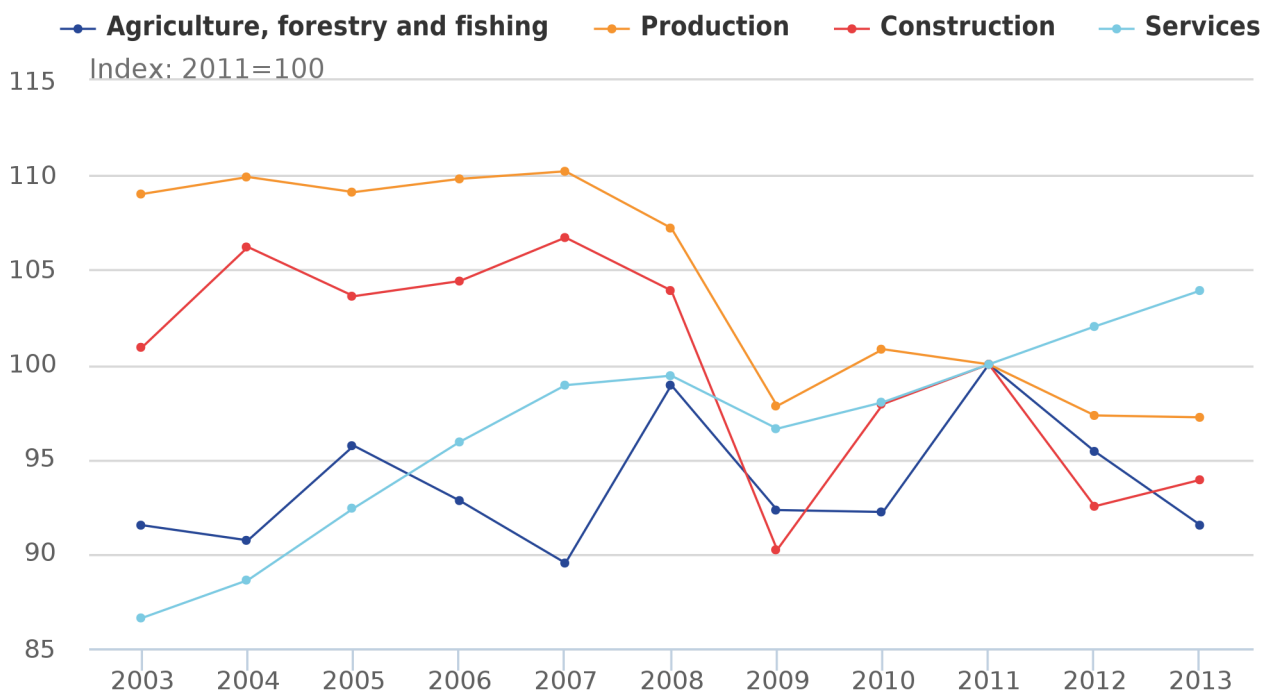
Source: Office for National Statistics

Gross value added (GVA) measures the sum of the value added created through the production of goods and services within the economy. In 2013, GVA grew by 1.6%, with the largest component, services, increasing by 1.8%. The construction industry increased by 1.5%, whilst production and agriculture, forestry and fishing fell by 0.1% and 4.1% respectively. Between 2003 and 2013 the service industry grew in every year with the exception of 2009 when it fell by 2.9%.

Figure 1.8: Gross value added at basic prices, by industry, 2011

Agriculture 0.6%
Construction 6.4%
Production 14.6%
Services 78.4%
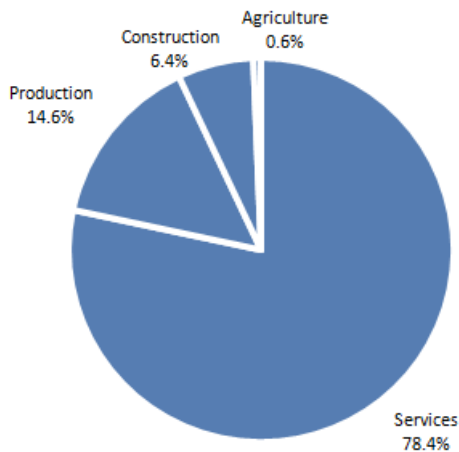
Source: Office for National Statistics

In 2011, the latest base year, the service industries were the largest component of GVA at 78.4%. Representing more than three-quarters of the economy and emphasising their importance to the UK, services are more than five times larger than the production industries which account for 14.6%. The remainder consists of construction (6.4%) and agriculture, forestry and fishing (0.6%).

Figure 1.9: GDP per head, chained volume measures, 2003 to 2013

Percentage change
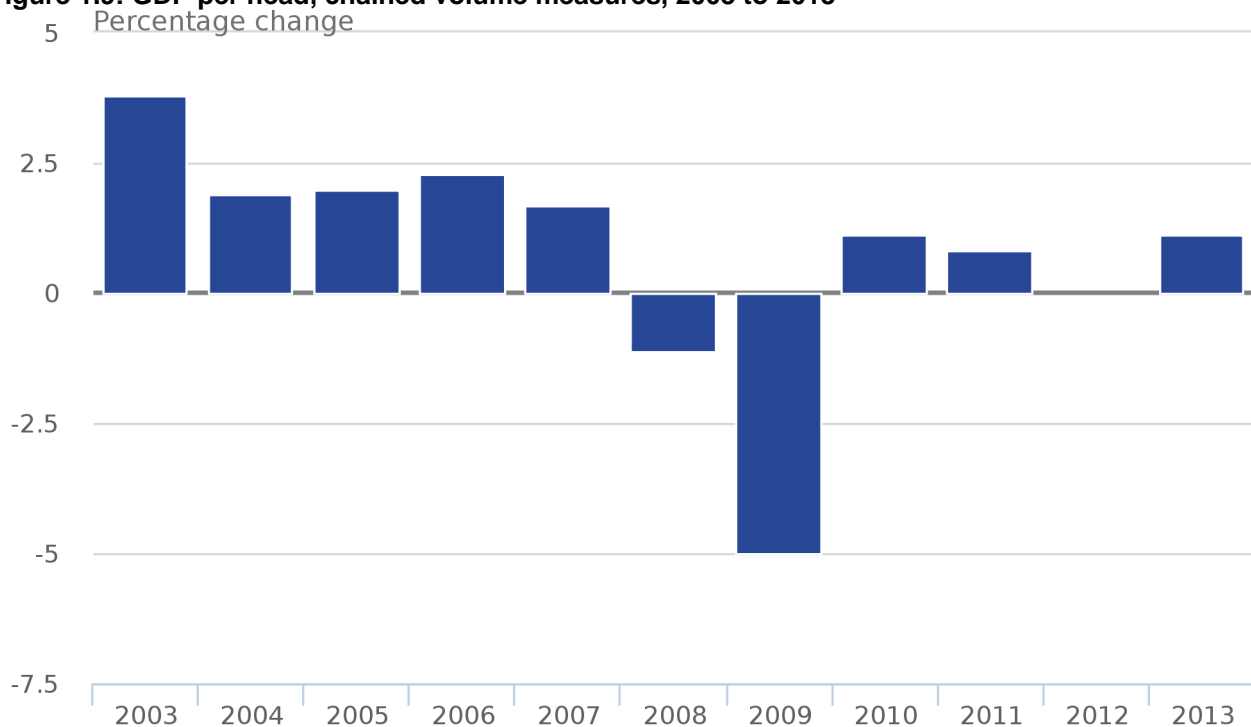
Source: Office for National Statistics

In 2013 GDP per head increased by 1.1%. This is in contrast to falls of 1.1% and 5.0% during 2008 and 2009 respectively, when GDP growth failed to keep up with population increases.

Figure 1.10: GDP and real households' disposable income (RHDI), chained volume measures, 2003 to 2013

Index: 2011=100

(Legend: GDP, RHDI)
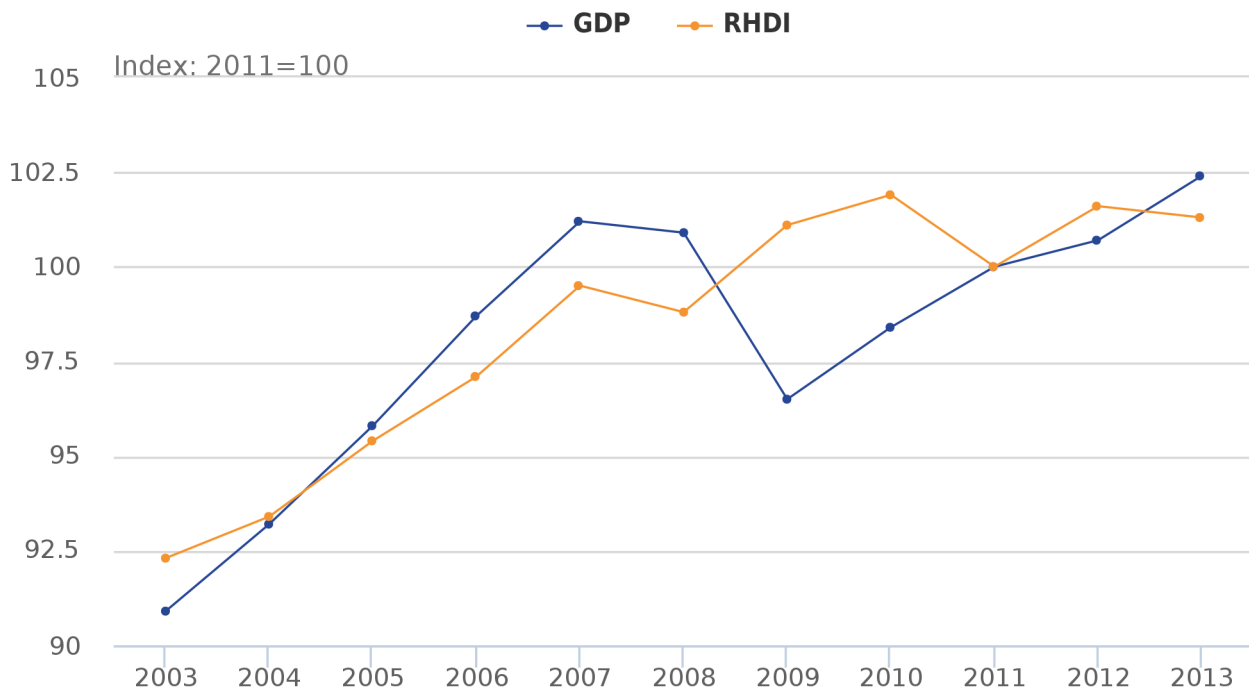
Real households' disposable income (RHDI) is the estimate of the total amount of money from income that households have available from wages, self-employed income, social benefits and net property income (interest on savings and dividends from shares) less taxes on income wealth, adjusted for the effects of inflation. RHDI fell by 0.2% in 2013, while the chained volume measure of GDP increased by 1.7%.

Figure 1.11: United Kingdom Net Lending/Borrowing by Sector, current prices, 2013

£ billion

No data to display

Central go..   Local government   Public corporations   Financial corporat...   Private non-financ...   Households and N...   Rest of the world

In 2013 the central government sector was the largest net borrower, borrowing £89.6 billion. Local government, financial corporations and households and NPISH sectors were also net borrowers. The rest of the world sector was the largest net lender, lending £71.9 billion. Private non-financial corporations and public corporations sectors were also net lenders.

3 . Main aggregates and summary accounts

Gross domestic product at current prices

The three approaches and the need for balancing

Gross domestic product (GDP) is used as a summary indicator for economic analysis and comparisons over time. It measures total domestic activity and can be defined in three different ways:

- the sum of gross value added of the institutional sectors or the industries plus taxes less subsidies on products (which are not allocated to sectors and industries). It is also the balancing item in the total economy production account

- the sum of final uses of goods and services by resident institutional units (actual final consumption and gross capital formation), plus exports and less imports of goods and services

- 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 gross mixed income of the total economy)

This is also the basis of estimating GDP. Using the three different methods avoids sole reliance on one source and allows greater confidence in the overall estimation process. In order to obtain the best estimate of GDP (the published figure), the estimates from all three approaches are reconciled. Annually, this reconciliation is carried out through the construction of the Input-Output Supply and Use tables for the years which data are available and for subsequent periods by carrying forward the level of GDP set by the annual balancing process, using the quarterly movements in production, income and expenditure indicators.

For years in which no supply and use balance has been struck, a statistical discrepancy exists between estimates of the total expenditure components of GDP and the total income components of GDP after the balancing process has been carried out. Two components make up this statistical discrepancy:

- the statistical discrepancy (expenditure adjustment): the difference between the sum of the expenditure components and the definitive estimate of GDP

- the statistical discrepancy (income adjustment): the difference between the sum of the income components and the definitive estimate of GDP (with sign reversed)

The income approach

The income approach provides estimates of GDP and its 'income' component parts at current market prices. All income earned by resident individuals or corporations in the production of goods and services is totalled to give the sum of uses in the generation of income account for the total economy.

Transfer payments such as unemployment benefit, child benefit or state pensions are not included as although they do provide individuals with money to spend, they are a redistribution of existing incomes as they are made out of taxes and national insurance contributions. To avoid double counting, these transfer payments are excluded from the calculation of GDP, although they are recorded in the secondary distribution of income account.

In the UK the income approach to GDP is obtained by summing:

gross operating surplus

plus

gross mixed income

plus

compensation of employees (wages and salaries and employers' social contributions)

plus

taxes on production and imports

less

any subsidies on production.

Mixed income is effectively the operating surplus of unincorporated enterprises owned by households, which implicitly includes remuneration for work done by the owner or other members of the household. This remuneration cannot be identified separately from the return to the owner as entrepreneur.

As most of these incomes are subject to tax, the figures are usually obtained from data collected for tax purposes by HM Revenue & Customs. However, because there is some delay in providing good quality estimates by this method, other sources are used to provide initial estimates.

Operating surplus and mixed income are measures of profit that exclude any holding gains. Holding gains result when, although no new goods or services have been produced, the value of inventories and fixed assets has increased simply as the result of an increase in the price of the item.

The Office for National Statistics aims to cover the UK economy as comprehensively as possible. It is recognised that some income is not declared to the tax authorities and to allow for this adjustments are routinely made to the GDP income approach. In 2012 the adjustment for undeclared income was £25.8 billion, approximately 1.6% of GDP.

Although the income approach cannot be used to calculate chained volume measures directly, some estimates are obtained indirectly. The expenditure-based GDP deflator at market prices is used to deflate the current market price estimates to provide a chained volume measure of the total income component of GDP for balancing purposes.

Data for the income components can be found in Table 1.2 (816.5 Kb Excel sheet) .

The expenditure approach

The expenditure approach measures the sum of final uses of goods and services by resident institutional units less the value of imports of goods and services.

The total is obtained from the sum of final consumption expenditure by:

- households

- non-profit institutions serving households (NPISH)

- government on goods and services

- gross capital formation

- net exports of goods and services

This approach can be represented by the following equation:

GDP = C + G + I + (X – M)

Where: C = final consumption expenditure by households and NPISH sectors G = government consumption expenditure I = investment or gross capital formation X = exports M = imports

Data for these categories are estimated from a wide variety of sources including expenditure surveys, the government's internal accounting system, surveys of traders and the administrative documents used in the importing and exporting of some goods. In order to avoid double counting, consumption expenditures need to be classified as either final or intermediate.

Final consumption is the consumption of goods purchased by or for the ultimate consumer or user and is final because the goods are no longer part of the economic flow or being traded in the market place.

Intermediate consumption is the consumption of goods and services which are used or consumed in the production process. Gross capital formation is treated separately from intermediate expenditure, as the goods involved are not used up within the production process in an accounting period.

Data on the current price expenditure components can be found in Table 1.2 (816.5 Kb Excel sheet). As well as GDP at current prices, the expenditure approach is used to estimate chained volume measures of GDP. The chained volume measure shows the change in GDP after the effects of inflation have been removed.

Table 1b: GDP at market prices

£ million

Year	Current prices	Chained volume measure
1997	878,780	1,210,277
1998	923,294	1,252,767
1999	963,196	1,292,244
2000	1,023,512	1,340,947
2001	1,062,262	1,376,677
2002	1,117,171	1,410,437
2003	1,190,525	1,471,091
2004	1,255,191	1,507,191
2005	1,326,660	1,549,491
2006	1,403,726	1,596,628
2007	1,480,956	1,637,432
2008	1,518,675	1,631,995
2009	1,482,144	1,561,646
2010	1,558,365	1,591,494
2011	1,617,677	1,617,677
2012	1,655,384	1,628,338
2013	1,713,302	1,656,498

Source: Office for National Statistics

Two methods are used to remove the effects of inflation to obtain these chained volume measures. For some series, price indices for particular goods and services – such as components of the Consumer Prices Index (CPI) or the Producer Prices Index (PPI) – are used to 'deflate' the current price series. For other series, chained volume measures are assumed to be proportional to the volume of goods or services. Chained volume measures of GDP and its main expenditure components can be found in Table 1.3 (816.5 Kb Excel sheet).

The production approach

The production approach (output approach) looks at the contribution to production of each economic unit, that is, their total output less the inputs used up in the production process. This figure, plus taxes and less subsidies on products for all producers, is GDP at market prices: the production account balancing item.

Chained volume measures of value added should be estimated by deflating separately the inputs and outputs of each economic unit (double deflation) and subtracting one from the other. However, as it is hard to get reliable data on intermediate consumption, double deflation is only used in the estimation of output for the agriculture and electricity industries. For most industries, movements in the chained volume measures for gross value added (GVA) are estimated by the use of output series. Industries, whose outputs are goods, have outputs estimated from the physical quantities of goods produced, or from the value of output deflated by an index of price.

In addition to the use of output to estimate chained volume measures of value added, changes in inputs, where the inputs chosen may be materials used, employment, or some combination of these, might also be used as a proxy for the change in gross value added.

In the short-term it can be assumed that movements in value added can be measured this way. However, changes in the ratio of output and inputs to gross value added can be caused by new production processes, new products made and inputs used and changes in inputs from other industries. Aggregated over all industries, the impact of these changes will be lessened. Indicators are under constant review, with more suitable ones being used as they become available.

The estimate of gross value added for all industries is finally obtained by combining or 'weighting together' the estimates for each industrial sector according to its relative importance. These weights are based on supply and use data for the immediately preceding year, although supply and use data for 2011 is used for more recent years. Table 2.4 (185 Kb Excel sheet) shows this data.

4 . Headline GDP

The 'headline' GDP (chained volume measure of gross domestic product at market prices) provides the key indicator of change in the economy. The chained volume measure of gross value added at basic prices is the headline measure for the production approach and is compiled relatively free of short-term fluctuations due to uncertainties of timing. The construction of chained volume measures of gross domestic product at factor cost, however, requires an adjustment for the relevant taxes and subsidies which can be subject to erratic changes. As a result, the factor cost measure is less suitable as an indicator of short-term movements in the economy.

Table 1c: Distinction between market prices, basic prices and factor cost measures

ESA 2010 code	
	Gross domestic product, at market prices
D.211	Less value added taxes (VAT) on products
D.212, D.214	Less other taxes on products (for example, alcohol duty)
D.31	Plus subsidies on products
	Gross value added, at basic prices
D.29	Less taxes on production other than taxes on products (for example, business rates)
	Gross value added, at factor cost

GDP at market prices includes taxes on production.

GDP at basic prices includes only those taxes on production, such as business rates, which are not taxes on products.

GDP at factor cost excludes all taxes on production.

5 . Taxes

Taxes on production and imports, including taxes on products (D.2), along with subsidies (D.3) (which can be regarded as negative taxes) make up the factor cost adjustment. This represents the difference between GDP at market prices (sum of final expenditures) and GVA at factor cost (sum of incomes). This adjustment has to be added to the sum of incomes to obtain GDP at market prices. The basic price adjustment (the sum of taxes on products less subsidies on products) is the difference between GVA at basic prices and GDP at market prices. Details of the taxes which comprise taxes on production are included in Table 11.1 (88.5 Kb Excel sheet).

Taxes on production and imports are taxes paid during the production or import of goods and services and are paid even when profits are not made. They consist of taxes on products and other taxes on production.

Taxes on products are taxes paid per unit of good or service produced, sold, leased, transferred, exported or imported. They are included in the prices paid to suppliers of goods and services and are therefore included in intermediate consumption at purchasers' prices (except for deductible Value Added Tax). An example of this is fuel duty.

Deductible VAT is slightly different as producers are reimbursed by government for the amount they pay when goods and services are bought. Intermediate consumption at purchasers' prices is the price paid less deductible VAT refunded. The value of sales or production at producers' prices excludes deductible VAT charged.

Suppliers' net revenue is the selling price less the taxes on products required to pay to the government. This is called the basic price and is the price at which market output is measured as it represents the producers' actual revenue.

Other taxes on production are taxes which producers have to pay but are not paid when goods and services are bought and are therefore not included in intermediate consumption. Examples are non-domestic rates and vehicle excise duty.

6 . Other aggregates – gross national income and gross national disposable income

Gross national income (GNI) represents the total income of UK residents and is the balancing item of the UK allocation of primary income account. This can also be derived from GDP by adding net employment income and net property income from the rest of the world, however UK residents' command over resources are also affected by two other areas.

Flows in and out of the country which are not concerned with economic production are current transfers from abroad and current transfers paid abroad. Included in this are transactions with the European Union, overseas aid and private gifts. An estimate of gross national disposable income (GNDI) is reached by adjusting GNI by the amount of net income received. GNI and GNDI are shown in Table 1.1 (816.5 Kb Excel sheet).

Secondly, disposable income is affected by the terms of trade effect. Some expenditure by UK residents is on imported goods and services and some of the income earned by residents is from exports of goods and services. If UK exports prices fell relative to the price of imports, residents would have to sell more exports in order to continue to buy the same amount of imports, causing the terms of trade effect to move against the UK. Similarly, if UK exports prices rose relative to prices of imports then the effect would be opposite and the purchasing power of residents would rise. An adjustment is made specifically for the terms of trade effect in calculating the chained volume measure of GNDI, also shown in Table 1.1 (816.5 Kb Excel sheet).

Many calculations and decisions are based on the UK GNI figures. Table 1d shows the value of changes to GNI as a direct result of the implementation of ESA 2010 and removes this figure from the ESA 2010 GNI total in order to obtain an estimate of the UK GNI if ESA 2010 had not been implemented. Data changes not related to the introduction of ESA 2010 which were implemented in Blue Book 2014 are still included in both estimates. A more detailed breakdown (34 Kb Excel sheet) was published on the ONS website on 17 October 2014.

Table 1d: Gross National Income (GNI) estimates on an ESA 2010 and an ESA 95 basis

	Current prices, £ millions			
	2010	2011	2012	2013
Gross national income (ESA 2010)	1,575,535	1,636,409	1,650,124	1,700,170
Less total impact of differences in definitions between ESA 2010 and ESA 95 on GNI (ESA 2010 minus ESA 95)	29,361	31,821	32,102	32,409
Gross national income (ESA 95)	1,546,174	1,604,588	1,618,022	1,667,761

7 . UK GDP chained volume measures

Tables 1.1, 1.3, 1.4 (816.5 Kb Excel sheet)

When comparing change in the economy over time, it is usual to look at whether the goods and services produced have increased. Changes in current price GDP over time reflect changes in the monetary value of the components of GDP. These changes in value can show changes in both price and volume, therefore it is difficult to establish if an increase in the series is due to increased activity in the economy or an increase in the price level. It is therefore useful to measure GDP excluding price effects as well as in current prices. Revaluation of current price data to remove price effects (known as deflation) is carried out by using price indices such as component series of the Consumer Prices Index or Producer Prices Index to deflate current price series at a detailed level of disaggregation. Annual chain-linking (a method of measuring GDP in real terms) was introduced in the 2003 edition of the Blue Book to replace fixed base chain-linking. The real GDP time series produced by annual chain-linking are referred to as chained volume measures.

The expenditure approach is used to provide current price and chained volume measures of GDP in the UK economic accounts. It is not possible to obtain direct chained volume measures of GDP from the income data due to difficulties in accounting for changes in labour productivity. An approximate aggregate measure is calculated by deflating the current price estimates using the GDP deflator derived from the expenditure measure for balancing purposes. The production measure of GDP is based largely on output measures.

The introduction of annual chain-linking

The 2003 edition of the Blue Book replaced the fixed-base linking method with an annual chain-linking process which produces 'chained volume measures' of GDP. The calculation of chained volume measures involves applying the price structure prevailing in the previous year for each year, except the most recent available years where chained volume measures are calculated by applying the price structure prevailing in 2011. The year 2011 is the 'latest base year' for chained volume measures published in the Blue Book 2014. Estimates for 2012 and 2013 are based on 2011 prices, estimates for 2011 based on 2010 and so on. 'Previous year's prices' data are then chain-linked to produce continuous time series called 'chained volume measures'.

These chained volume measure series are shown in £ million and referenced onto the 'latest base year' (currently 2011), therefore current price data equals chained volume measures annually in 2011. The annual chain-linking 'previous year's prices' data onto a continuous time series referenced onto the latest base year causes loss of additivity in the annual data prior to the latest base year. Chained volume measures prior to 2011 are non-additive. Usually the 'latest base year' and therefore the 'reference year' will move forward by one year.

The expenditure approach to measuring GDP involves all of the components being annually chain-linked, with the chained volume measure of total GDP aggregated from these.

The output approach involves weighting together the detailed components using the contribution to current price GVA (or weight) in the immediately preceding year and annually chain-linking to produce a continuous time series.

The move to annual chain-linking is consistent with international guidelines (System of National Accounts 2008) and provides more accurate measures of growth in the economy.

Index numbers and price indices

Some chained volume measure series are expressed as index numbers where the series are scaled proportionately to a value of 100 in the reference year. These index numbers are volume indices of the 'base weighted' or 'Laspeyres' form, whereas aggregate price indices are of the 'Paasche' or 'current-weighted' form. They are generally calculated indirectly by dividing the current price value by the corresponding chained volume measure and multiplying by 100. Examples of these are the GDP deflator and the households' consumption deflator.

Value indices are calculated by scaling current price values proportionately to a value of 100 in the reference year. If divided by the corresponding volume index and multiplied by 100, such a value index will give the corresponding price index.

8 . Population, employment and GDP per head

Table 1.5 (816.5 Kb Excel sheet)

Population and employment data are supplementary to the system of accounts. The estimated population of the UK is taken on 30 June and includes all those resident in the UK, whatever their nationality. They include members of both UK and non-UK armed forces and their dependants stationed in the UK and excludes members of H.M. Armed Forces stationed in the rest of the world (not in strict accordance with ESA 2010 requirements which includes all UK armed forces and dependants, wherever stationed and excludes all non-UK ones). At present, this is the most appropriate estimate available and is used to calculate GDP per head.

Total employment data are taken from the UK Labour Force Survey (LFS) – recognised as the most appropriate source for coherent national aggregate labour market estimates. The LFS is a household survey which uses definitions consistent with the International Labour Organisation recommendations adopted by all EU member countries. Coverage of the LFS includes people living in private households and, from 1992, student halls of residence and NHS accommodation and is not precisely consistent with the home population or ESA 2010 requirements.

Employment data in Table 1.5 (816.5 Kb Excel sheet) are estimates of people according to their economic and employment status. They are not comparable with estimates of jobs (Table 2.5 (185 Kb Excel sheet)) as some people have more than one job. The total employment figures include people on government sponsored training and employment programmes and unpaid family workers.

9 . UK summary accounts

Tables 1.6.0-1.6.9 (816.5 Kb Excel sheet)

The UK summary accounts show the full set of accounts for the UK total economy. The accounts are made up of:

- the goods and services account

- the production account

- the distribution and use of income account

- the accumulation accounts

The structure of the accounts is explained in An Introduction to the United Kingdom National Accounts.

10 . UK summary accounts by sector

Tables 1.7.1-1.7.9 (816.5 Kb Excel sheet)

The framework

As displayed in Table 1.7, the UK sector accounts can be used to show the economic accounting framework in considerable detail by elaborating the accounts in three different dimensions:

- the institutional sectors

- the types of transactions

- the national and sector balance sheets

The institutional sectors

The first dimension involves the breakdown of the current account into institutional sectors grouped broadly according to their roles in the economy.

Examples of these roles are:

- income distribution

- income redistribution

- private consumption

- collective consumption

- investment

- financial intermediation

Most units have more than one role but are distinguished between corporations, government and households. The rest of the world sector is identified as having a role as it is not part of the domestic economy.

Table 1e: Summary of United Kingdom institutional sectors

Sector and sub-sectors	ESA 2010 code
Non-financial corporations	S.11
Public	S.11001
National private and foreign controlled	S.11002 /3
Financial corporations	S.12
Central bank	S.121
Deposit taking corporations except the central bank	S.122
Money market funds (MMF)	S.123
Non-MMF investment funds	S.124
Other financial intermediaries, except insurance corporations and pension funds	S.125
Financial auxiliaries	S.126
Captive financial institutions and money lenders	S.127
Insurance corporations	S.128
Pension funds	S.129
General government	S.13
Central government	S.1311
Local government	S.1313
Households	S.14
Non-profit institutions serving households	S.15
Rest of the world	S.2

Source: Office for National Statistics

The types of transaction

The second dimension is that of the type of transaction relating to the particular account within which the transaction appears. These can be grouped broadly according to purpose, whether current, capital or financial.

The national and sector balance sheets

The full set of accounts is completed by including balance sheets and a reconciliation of the changes that have brought about the change between the beginning and the end of the period. The UK presently does not compile the latter except for the general government sector, available in the ONS public sector finances release.

Net lending or borrowing from the capital account should, in theory, equal net lending or borrowing from the financial account, however due to errors or omissions in the accounts, a balance is rarely achieved and the difference is known as the statistical discrepancy. Across all accounts, when a supply and use balance is available, these sum to zero. Consolidating the current and accumulation accounts would provide a balanced account which would look like many of the presentations of commercial accounts.

Spurious accuracy and rounding to the nearest £ million

It must be noted that in most of the published tables no attempt has been made to round estimates beyond the nearest £ million. In some instances this shows figures which appear to have more precision than evidence warrants. The reasons are:

- rounded figures can distort differences over time or between items

- some estimates in the tables are fairly precise and if such an estimate is small, rounding would unnecessarily distort it, however if such series were not rounded to the nearest £ million the major aggregates of which they are components would appear precise although other components were heavily rounded

- not rounding beyond the nearest £ million aids users who prepare derived statistics by avoiding the accumulation of rounding errors which can occur when a number of rounded numbers are manipulated

- when numbers are presented to the nearest £ million, the rounding is usually such that the components add to the total at current prices in order for the accounts to balance. Particularly, quarterly estimates, before and after seasonal adjustment, add up to the calendar year totals. There are, however, small differences between the sum of component series and the total shown due to rounding

11 . Tables

Chapter 01 tables (224.7 Kb Pdf)

12. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov. uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons. gsi.gov.uk

   These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.