

Compendium

Chapter 10: National Balance Sheet



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Release date:
31 October 2014

Next release:
To be announced

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1 . Correction

Wednesday 19 November, 2014 17:00

An error has been found in net capital stocks and gross capital stocks estimates, which affects the following Blue Book 2014 tables:

1.6.9; 3.1.9; 4.1.9; 6.1.9; 10.1; 10.2; 10.3; 10.6; and 10.10.

The CDIDs that will change are: CGRV, CGRU, CGRC, CGDA, NG23, NG26, MU7W, CGRA, MJG6, NG22, NG2A, CGDA, NG2D, NG2G, MU7X, CGUX, MKV7, NG2C, NG2I, CGRV, NG33, NG36, MU82, NG32, NG38, CGRU, NG45, NG48, MU86, CGRM, NG44, NG4A and CGRC.

ONS will correct these at the earliest opportunity and apologises for any inconvenience that this may cause.

2 . National Balance Sheet

The national balance sheet is a measure of the wealth, or total net worth, of the UK. It shows the estimated market value of financial assets, for example shares and deposits at banks, and non-financial assets, for example dwellings and machinery. Market value is an estimate of how much these assets would sell for, if sold on the market.

The data are used to monitor economic performance, inform monetary and fiscal policy decisions as well as for international comparisons.

Financial assets and liabilities include:

- means of payment, such as currency
- financial claims, such as loans
- economic assets, which are close to financial claims in nature, for example shares

Non-financial assets include both produced and non-produced assets.

Produced non-financial assets include:

- property
- machinery and equipment
- certain types of farming stocks, mainly dairy cattle and orchards
- intellectual property products (formerly intangible fixed assets), such as computer software and databases and research and development
- inventories

Non-produced assets (formerly intangible non-produced assets) include:

- radio spectrum
- personalised number plates

Data sources include:

- other government departments and agencies
- annual reports of public corporations and major businesses
- industry publications
- Chartered Institute of Public Finance and Accountancy report on Local Authority Assets

The time series of these estimates has changed since Blue Book 2013. These data now include new ESA10 assets, such as research and development, and includes changes introduced in the past year to the [capital stocks dataset](#).

Where non-financial asset market valuations are not readily available, a proxy is used based on the UK net capital stocks data modeled in the Perpetual Inventory Method (PIM) within the Office for National Statistics. For central government, data are taken from returns made by government departments to HM Treasury.

Local authority housing is shown in the public non-financial corporations sector. This is because government-owned market activities are always treated as being carried out by public corporations, either in their own right or via quasi-corporations.

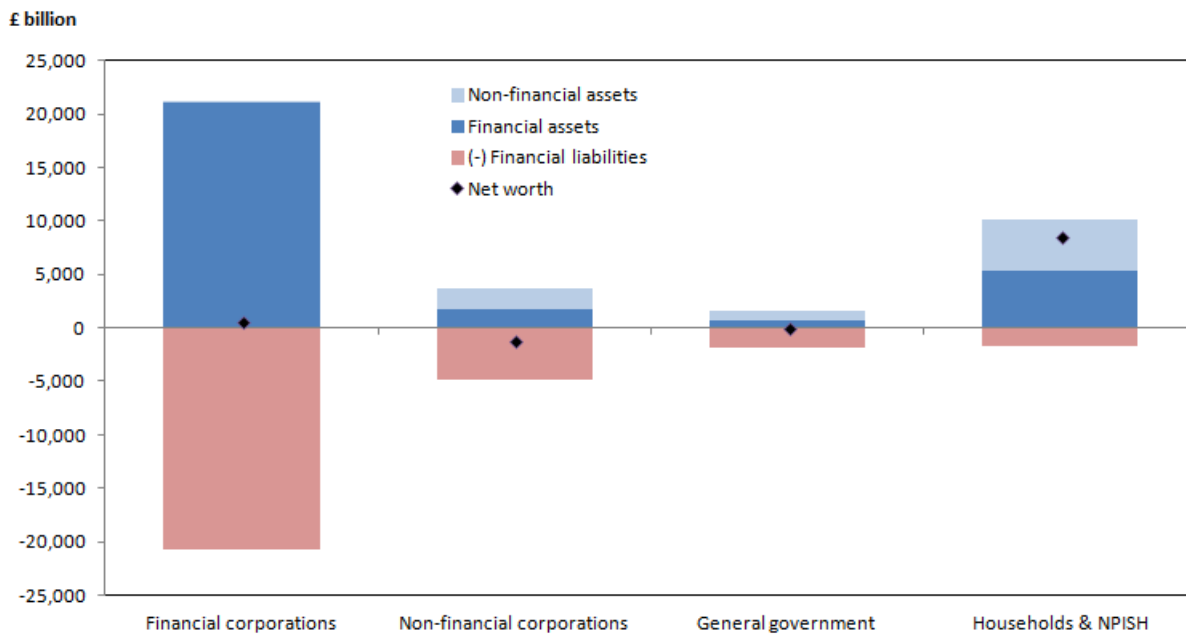
The latest available national balance sheet statistical bulletin is available on the [Office for National Statistics](#) website. The 2014 bulletin will be published on 20 November 2014.

3 . Net worth

The total net worth of the UK economy was £7.6 trillion in 2013, a 4.4% rise on the previous year. This represents the value of financial and non-financial assets, less financial liabilities across the four headline sectors: non-financial corporations, financial corporations, general government and households & non-profit institutions serving households (NPISH).

Figure 10.1 shows the values of financial assets and liabilities, non-financial assets and net worth for the four broad sectors. This shows that the positive net worth experienced in the UK can be primarily attributed to UK household and NPISH financial and non-financial assets outstripping the value of financial liabilities. More broadly, it can be observed that the net worth position is small compared to the relative sizes of the constituent assets and liabilities, especially in the financial corporation sector.

Figure 10.1: Assets, liabilities and net worth across the headline sectors (2013, £ billion)



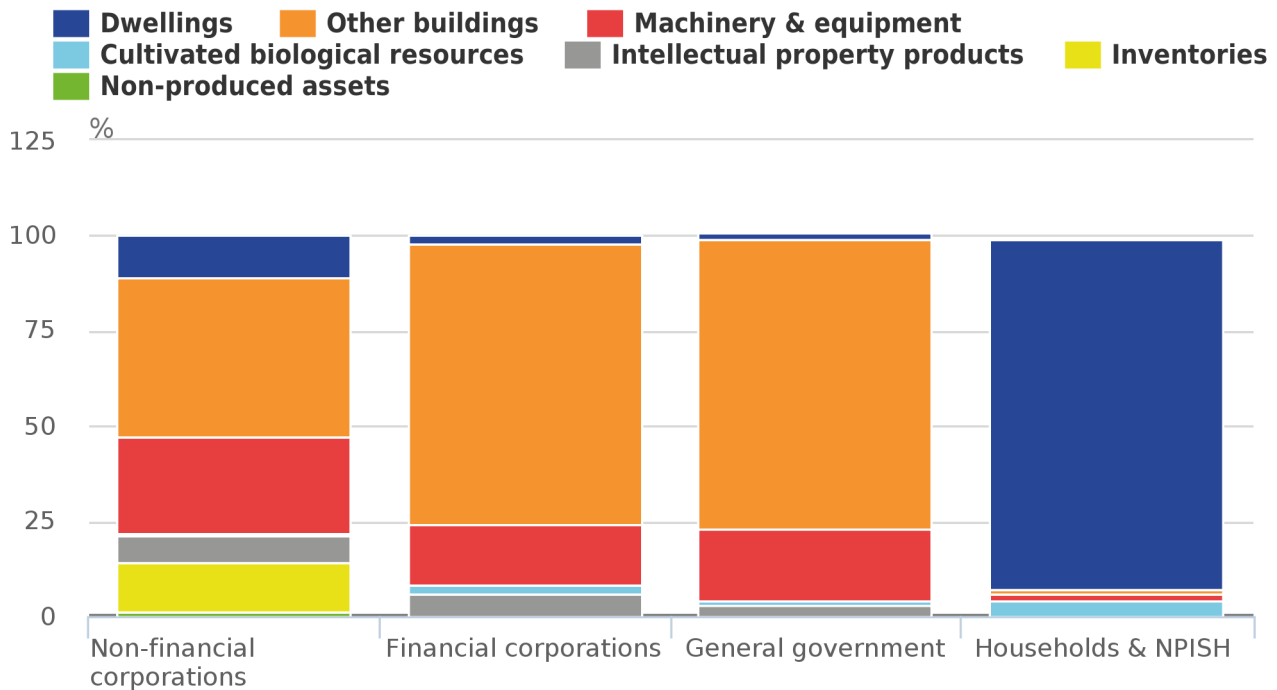
4 . Assets and liabilities

The total value of non-financial assets in the UK was £7.9 trillion in 2013. This is primarily comprised of dwellings and other buildings & structures, which together make up over 80% of the value of non-financial assets in the UK. Over 95% of dwellings are held by households while other buildings & structures are predominantly held by the private non-financial corporations and general government sectors.

The total value of financial assets was £28.7 trillion in 2013; this includes a range of different asset types such as monetary gold, currency, securities, loans and insurance. This was matched by £29.0 trillion of financial liabilities, giving a net balance for financial assets of -£0.3 trillion. These assets and liabilities were primarily held by financial corporations.

Figure 10.2 shows the decomposition of non-financial assets held in 2013 by each sector. UK household and NPISH non-financial assets are shown to be almost entirely held as residential dwellings (92%), while non-financial corporations hold a broader, more evenly distributed range of asset classes, such as inventories, and machinery. The general government and financial corporation sectors have a very similar asset mix, holding a large proportion of 'other buildings and structures' with some machinery and equipment.

Figure 10.2: Non-financial assets breakdown by sector, 2013



There are also vast differences in the financial asset and liability mix across sectors. The general government sector is shown to hold most of its liabilities in 'debt securities' (formerly known as 'securities other than shares'), which reflects the fact that government tend to raise liquidity through government bonds. In contrast, households hold most of their liabilities in loans; of the £1.7 trillion of total financial liabilities in the household and NPISH sector in 2013, 92% came from loans, which can be attributed to mortgage debts necessary to pay for the residential dwellings assets held. Non-financial corporations hold most of their liabilities in 'equity and investment fund shares/units'.

On the financial assets side, households hold the majority of assets in 'insurance, pension and standardised guarantee schemes', (which can be attributed to pensions and insurance products owned by households), but also hold some equity and investment fund shares/units, currency and deposits. Other sectors hold a greater proportion of equity and investment fund shares/units, debt securities and loans.

5 . Tables

[Chapter 10 tables \(98.8 Kb Pdf\)](#)

6. 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.