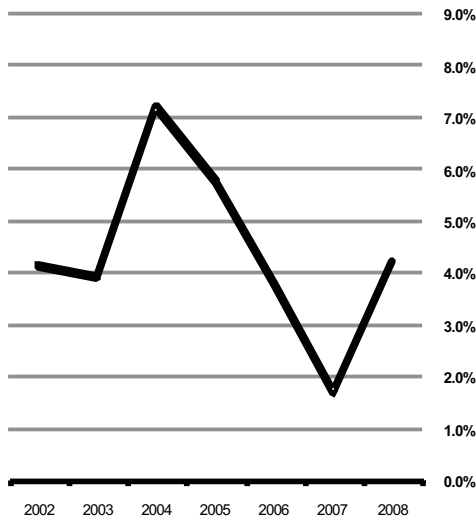




Household Saving Ratio 2002 - 2008



Institutional Sector Accounts
Non-Financial
2008

Net Saving by Institutional Sector

Year	Non-Financial Corporations (S.11)	Financial Corporations (S.12)	General Government (S.13)	Households and NPISH (S.14 & S.15)
	€m			
2007	9,425	7,732	6,406	1,498
2008	7,053	7,226	-4,783	3,876

Household Saving Ratio rose in 2008

The *Household saving ratio* (B8n/B6n for S14&S.15 see background notes), has risen from almost 1.7% in 2007 to 4.2% in 2008. **Net Disposable Income** (B.6n) of *Households* has risen by €4.4bn to €91.5bn and **Final Consumption Expenditure** (P.3) of *Households* has risen by €2.1bn to €91bn and, as a result **Net savings** (B.8n) of *Households* at €3,876m has risen in 2008 by €2,378m (see table 1.6). This is the main feature of these results for Institutional Sectors.

Some of the other main features of the results are:

- ◆ *Government saving fell* by €11.2bn in 2008 from a surplus of €6.4bn to a deficit of €4.7bn. This is due to the fall of €9.8bn from 2007 to 2008 in **Net Disposable Income** of *Government*. This change is mainly explained by a decrease in revenue from *Current Taxes on Income and Wealth* (D.5) of €3.4bn and an increase in level of spending on *Social Benefits* (D62) of almost €3bn. At the same time there has been a rise in the level of the **Final Consumption** of *Government* from €30.3bn in 2007 to €31.8bn in 2008.
- ◆ *Net borrowing* for the economy as a whole amounted to €9.4bn in 2008 which means that it was funded by the Rest of the World (see table 1.9). Within the economy, *net lending* of Financial Corporations amounted to almost €8bn and that of Non-Financial Corporations amounted to €2.6bn. *Net borrowing* in the economy by Government increased sharply to €13.9bn while it fell significantly for Households to €5.2bn.

These figures for Institutional Sectors are consistent with National Income and Expenditure estimates for 2008 (NIE 2008) in **current prices** published on 3 August 2009.

The methodology used to compile these accounts is similar to that used in the annual National Income and Expenditure (NIE). However, there is a methodological difference caused by the inclusion of capital gains taxes as current taxes in these accounts while they are treated as capital taxes in NIE. There are also some more detailed presentations of data particularly in the *Secondary Distribution of Income Account* (see Table 1.5). In addition to the background notes in this publication, please see Appendix 3 in the April 2007 Publication "*Institutional Sector Accounts*" (www.cso.ie/releasespublications/pr_natacc.htm) for more detailed descriptions of the items in each of the accounts detailed here. The revised tables for prior years 2002 - 2007 are available at www.cso.ie/releasespublications/pr_natacc.htm.

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ANNUAL ACCOUNTS BY INSTITUTIONAL SECTOR - SUMMARY TABLE

€ million

Key Variables		Year	Rest of World (S.2)	Total economy (S.1)	Not sectorized (S.IN)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households including NPISH (S.14+S.15)
B.1*g	Gross domestic product	2003		139,763	15,754	69,328	11,596	13,672	29,413
		2004		149,098	17,747	71,598	13,100	14,942	31,712
		2005		162,091	19,279	77,898	14,690	16,381	33,843
		2006		176,758	20,889	84,674	16,291	17,994	36,911
		2007		189,750	21,092	91,187	18,159	19,687	39,624
		2008		181,815	18,976	85,869	16,813	21,100	39,057
B.2g	Gross operating surplus / Mixed income	2003		70,706	1,521	40,129	8,099	1,105	19,852
		2004		73,122	1,535	40,136	8,984	1,269	21,198
		2005		76,936	247	42,515	10,023	1,402	22,749
		2006		81,615	-1,446	46,230	10,765	1,575	24,493
		2007		88,564	-1,876	50,501	11,966	1,756	26,217
		2008		82,571	-365	44,761	10,640	1,959	25,576
K.1	Consumption of fixed capital	2003		13,860		7,054	1,705	1,105	3,995
		2004		14,945		7,461	1,585	1,269	4,631
		2005		16,683		8,462	1,707	1,402	5,112
		2006		17,315		8,104	1,748	1,575	5,888
		2007		17,849		7,856	1,781	1,756	6,456
		2008		17,712		7,850	1,602	1,959	6,301
B.2n	Net operating surplus / mixed income	2003		56,846	1,521	33,076	6,393	0	15,856
		2004		58,177	1,535	32,675	7,399	0	16,568
		2005		60,253	247	34,053	8,316	0	17,637
		2006		64,300	-1,446	38,126	9,016	0	18,605
		2007		70,715	-1,876	42,645	10,186	0	19,761
		2008		64,859	-365	36,911	9,038	0	19,275
B.5n	Net national income	2003		105,611	1,521	10,068	5,768	16,051	72,203
		2004		112,736	1,535	9,396	4,096	18,368	79,341
		2005		122,313	247	10,067	6,544	20,744	84,711
		2006		136,521	-1,446	15,013	7,430	23,626	91,899
		2007		144,605	-1,876	14,405	9,690	24,529	97,858
		2008		138,197	-365	10,927	8,782	20,874	97,980
B.6n	Net disposable income	2003		104,610	1,521	5,975	5,972	25,192	65,951
		2004		111,666	1,535	5,176	4,460	28,658	71,836
		2005		120,771	247	5,634	7,314	31,345	76,231
		2006		134,707	-1,446	9,808	8,446	36,529	81,370
		2007		142,407	-1,876	9,425	11,018	36,743	87,097
		2008		135,770	-365	7,053	10,622	26,971	91,489

ANNUAL ACCOUNTS BY INSTITUTIONAL SECTOR - SUMMARY TABLE

€ million

Key Variables		Year	Rest of World (S.2)	Total economy (S.1)	Not sectorized (S.IN)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households including NPISH (S.14+S.15)
B.8n	Net saving	2003		18,423	1,521	5,975	4,081	4,253	2,593
		2004		20,210	1,535	5,176	2,393	5,918	5,188
		2005		21,598	247	5,634	4,832	6,767	4,119
		2006		26,136	-1,446	9,808	5,378	9,294	3,102
		2007		23,184	-1,876	9,425	7,732	6,406	1,498
		2008		13,006	-365	7,053	7,226	-4,783	3,876
B.11	External balance of goods and services	2003	-22,471						
		2004	-22,316						
		2005	-19,214						
		2006	-17,468						
		2007	-19,369						
		2008	-18,894						
B.12 ⁽¹⁾	Current external balance ⁽¹⁾	2003	-1,178						
		2004	171						
		2005	5,423						
		2006	7,268						
		2007	10,125						
		2008	9,439						
B.10.1	Changes in net worth due to saving and capital transfers	2003	-1,602	18,846	1,521	5,701	4,081	4,699	2,844
		2004	-276	20,657	1,535	4,807	2,393	6,248	5,674
		2005	5,188	21,833	247	5,254	4,832	7,019	4,482
		2006	7,060	26,343	-1,446	8,881	5,378	10,021	3,510
		2007	10,077	23,233	-1,876	8,298	7,732	7,014	2,065
		2008	9,382	13,063	-365	7,602	7,226	-5,905	4,505
B.9	Net lending (+) / Net borrowing (-)	2003	-1,271	1,271	3,043	-216	5,322	647	-7,524
		2004	-108	108	3,070	-1,128	3,517	2,266	-7,617
		2005	5,159	-5,159	493	-1,958	5,823	2,764	-12,281
		2006	7,045	-7,045	-2,893	164	6,081	4,882	-15,280
		2007	10,087	-10,088	-3,753	-342	8,475	134	-14,602
		2008	9,371	-9,371	-730	2,570	7,940	-13,908	-5,242

2008

ANNUAL ACCOUNTS BY INSTITUTIONAL SECTOR

€million

Uses								CURRENT ACCOUNTS	Resources								
Households including NPISH (S.14+S.15)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Not sectorized (S.IN)	Total economy (S.1)	Rest of World (S.2)	Sum over sectors (S.1+S.2)		Sum over sectors (S.1+S.2)	Rest of World (S.2)	Total economy (S.1)	Not sectorized (S.IN)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households including NPISH (S.14+S.15)	
1.1 PRODUCTION ACCOUNT																	
								P.1	Output	406,364		406,364	-365	276,608	38,794	32,345	58,983
19,926	11,245	21,981	190,739		243,890		243,890	P.2	Intermediate consumption								
39,057	21,100	16,813	85,869	-365	162,474			B.1g	Gross value added								
								D.21-D.31	Taxes less subsidies on products	19,341		19,341	19,341				
39,057	21,100	16,813	85,869	18,976	181,815			B.1*g⁽¹⁾	Gross domestic product								

(1) B.1*n net domestic product can be computed from B1*g Gross domestic product by deducting K.1 Consumption of fixed capital.

1.2 GENERATION OF INCOME ACCOUNT

								B.1*g	Gross domestic product		181,815	18,976	85,869	16,813	21,100	39,057	
14,478	19,141	6,078	39,802		79,499	433	79,932	D.1	Compensation of employees								
				20,400	20,400		20,400	D.21	Taxes on products								
459		95	1,458		2,012		2,012	D.29	Other taxes on production								
								D.31	Subsidies on products	1,059		1,059	1,059				
								D.39	Other subsidies on production	1,608		1,608		152	0	0	1,456
25,576	1,959	10,640	44,761	-365	82,571			B.2g	Gross operating surplus/ Mixed income								
6,301	1,959	1,602	7,850		17,712			K.1	Consumption of fixed capital								
19,275	0	9,038	36,911	-365	64,859			B.2n	Net operating surplus/Mixed income								

2008

ANNUAL ACCOUNTS BY INSTITUTIONAL SECTOR

€ million

Uses								CURRENT ACCOUNTS	Resources							
Households including NPISH (S.14+S.15)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Not sectorized (S.IN)	Total economy (S.1)	Rest of World (S.2)	Sum over sectors (S.1+S.2)		Sum over sectors (S.1+S.2)	Rest of World (S.2)	Total economy (S.1)	Not sectorized (S.IN)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households including NPISH (S.14+S.15)
1.3 ALLOCATION OF PRIMARY INCOME ACCOUNT																
								B.2n	Net operating surplus		64,859	-365	36,911	9,038	0	19,275
								D.1	Compensation of employees	79,932	1,105	78,827				78,827
								D.2	Taxes on production and imports	22,412	484	21,928			21,928	
								D.21	Taxes on products	20,400	484	19,916			19,916	
								D.29	Other taxes on production	2,012	0	2,012			2,012	
	870				870	1,796	2,667	D.3	Subsidies							
	694				694	365	1,059	D.31	Subsidies on products							
	177				177	1,431	1,608	D.39	Other subsidies on production							
7,152	2,123	90,614	32,917		132,807	83,696	216,504	D.4	Property income	216,504	110,242	106,262	6,934	90,358	1,940	7,030
6,999	2,123	63,449	5,701		78,272	72,873	151,145	D.41	Interest	151,145	59,511	91,634	3,871	83,622	442	3,700
0	0	19,366	13,686		33,052	7,142	40,194	D.42	Distributed income of corporations	40,194	31,208	8,986	192	5,925	1,498	1,371
0	0	4,481	13,531		18,012	3,682	21,694	D.43	Reinvested earnings on direct foreign investment	21,694	18,012	3,682	2,872	810	0	0
0	0	3,318	0		3,318	0	3,318	D.44	Property income attributed to insurance policy holders	3,318	1,511	1,807	0	0	0	1,807
153	0	0	0		153		153	D.45	Rent	153		153	0	0	0	153
97,980	20,874	8,782	10,927	-365	138,197			B.5n	Net national income				36,911	9,038		
1.4 MEMORANDUM: ENTREPRENEURIAL INCOME ACCOUNT																
								B.2n	Net operating surplus				36,911	9,038		
		63,449	5,701					D.41	Interest				3,871	83,622		
								D.42	Distributed income of corporations				192	5,925		
								D.43	Reinvested earnings on direct foreign investment				2,872	810		
		3,318	0					D.44	Property income attributed to insurance policy holders				0	0		
		0	0					D.45	Rent				0	0		
		32,629	38,144					B.4n	Entrepreneurial income, net							

2008

ANNUAL ACCOUNTS BY INSTITUTIONAL SECTOR

€ million

Uses								CURRENT ACCOUNTS	Resources							
Households including NPISH (S.14+S.15)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Not sectorized (S.IN)	Total economy (S.1)	Rest of World (S.2)	Sum over sectors (S.1+S.2)		Sum over sectors (S.1+S.2)	Rest of World (S.2)	Total economy (S.1)	Not sectorized (S.IN)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households including NPISH (S.14+S.15)

1.5 SECONDARY DISTRIBUTION OF INCOME ACCOUNT

								B.5n	Net national income			138,197	-365	10,927	8,782	20,874	97,980
15,254	0	1,521	3,702		20,477	163	20,640	D.5	Current taxes on income, wealth, etc.	20,640	81	20,559				20,559	
17,658					17,658	0	17,658	D.61	Social contributions	17,658	0	17,658	0	5,067	12,480	111	
500	22,328	1,670	0		24,498	301	24,799	D.62	Social benefits other than social transfers in kind	24,799	288	24,511					24,511
3,261	4,787	5,978	738		14,764	3,504	18,268	D.7	Other current transfers	18,268	6,026	12,242	565	5,943	173	5,561	
1,428	49	177	738		2,392	3,409	5,801	D.71	Net non-life insurance premiums	5,801	0	5,801		5,801	0		
	0	5,801			5,801	0	5,801	D.72	Non-life insurance claims	5,801	3,409	2,392	565	142	16	1,669	
	797				797	120	917	D.74	Current international cooperation	917	797	120			120		
1,832	3,941	0	0		5,774	-25	5,749	D.75	Miscellaneous current transfers	5,749	1,821	3,928	0	0	36	3,892	
91,489	26,971	10,622	7,053	-365	135,770			B.6n	Net disposable income								

2008

ANNUAL ACCOUNTS BY INSTITUTIONAL SECTOR

€ million

Uses								CURRENT ACCOUNTS	Resources							
Households including NPISH (S.14+S.15)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Not sectorized (S.IN)	Total economy (S.1)	Rest of World (S.2)	Sum over sectors (S.1+S.2)		Sum over sectors (S.1+S.2)	Rest of World (S.2)	Total economy (S.1)	Not sectorized (S.IN)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households including NPISH (S.14+S.15)
1.6 USE OF DISPOSABLE INCOME ACCOUNT																
								B.6n	Net disposable income		135,770	-365	7,053	10,622	26,971	91,489
91,010	31,754				122,764			P.3	Final consumption expenditure							
91,010	20,543				111,554			P.31	Individual consumption expenditure							
	11,210				11,210			P.32	Collective consumption expenditure							
		3,397			3,397	0	3,397	D.8	Adjustment for the change in net equity of households in pension funds reserves	3,397	0	3,397				3,397
3,876	-4,783	7,226	7,053	-365	13,006			B.8n	Net saving							
1.7 EXTERNAL ACCOUNT																
						151,896		P.6	Exports of goods and services							
						81,495		P.61	Exports of goods							
						70,401		P.62	Exports of services							
								P.7	Imports of goods and services	133,002						
								P.71	Imports of goods	57,675						
								P.72	Imports of services	75,327						
						-18,894		B.11	External balance of goods & services							
					316,382	89,893	406,275	D.1 to D.8	Primary incomes and current transfers	406,275	118,226	288,049				
					9,439			B.12	Current external balance							

2008

ANNUAL ACCOUNTS BY INSTITUTIONAL SECTOR

€ million

Changes in assets								CAPITAL ACCOUNTS	Changes in liabilities and net worth								
Households including NPISH (S.14+S.15)	General government (S.13)	Financial corporations (S.12)	Non-financial corporations (S.11)	Not sectorized (S.IN)	Total economy (S.1)	Rest of World (S.2)	Sum over sectors (S.1+S.2)		Sum over sectors (S.1+S.2)	Rest of World (S.2)	Total economy (S.1)	Not sectorized (S.IN)	Non-financial corporations (S.11)	Financial corporations (S.12)	General government (S.13)	Households including NPISH (S.14+S.15)	
1.8 CHANGE IN NET WORTH DUE TO SAVING AND CAPITAL TRANSFERS ACCOUNT																	
								B.8n	Net saving		13,006	-365	7,053	7,226	-4,783	3,876	
								B.12	Current external balance		9,439						
724	3,251	0	1,407		5,382	129	5,511	D.9	Capital transfers	5,511	72	5,439	1,957	0	2,129	1,354	
332		0	0		332	0	332	D.91	Capital taxes	332	0	332			332		
	3,068				3,068	85	3,153	D.92	Investment grants	3,153	0	3,153	1,957	0	-5	1,202	
393	183	0	1,407		1,983	43	2,026	D.99	Other capital transfers	2,026	72	1,954	0	0	1,802	152	
4,505	-5,905	7,226	7,602	-365	13,063	9,382	22,445	B.10.1	Changes in net worth due to saving and capital transfers								
1.9 ACQUISITION OF NON-FINANCIAL ASSETS ACCOUNT																	
								B.10.1	Changes in net worth due to saving and capital transfers	22,445	9,382	13,063	-365	7,602	7,226	-5,905	4,505
16,048	9,962	888	12,894	365	40,156		40,156	P.5	Gross capital formation								
15,993	9,959	888	12,624		39,464		39,464	P.51	Gross fixed capital formation								
55	3	0	266	365	688		688	P.52	Changes in inventories								
0	0	0	4		4		4	P.53	Acquisitions less disposals of valuables								
								K.1	Consumption of fixed capital	17,712		17,712	7,850	1,602	1,959	6,301	
0	0	0	-11		-11	11	0	K.2	Acquisitions less disposals of non-produced non-financial assets								
-5,242	-13,908	7,940	2,570	-730	-9,371	9,371	0	B.9	Net lending (+) / net borrowing (-)								

∞

Background Notes

Introduction In the sector accounts, institutional sectors are distinguished not in terms of the nature of their production activity (such as agriculture, industry, services etc) but rather in terms primarily of the institutional form of the units that make them up. Thus companies, whether engaged in commercial non-financial or financial business, are grouped in a different sector from households, even though the latter are in many cases also engaged in commercial production, and from government or other non-market producers such as voluntary agencies.

Institutional Sectors The classification system is that of the European System of Accounts 1995 (ESA95). The sectors and sub-sectors distinguished in the present publication are as follows:

S.11 Non-Financial Corporations are corporate bodies producing goods and non-financial services on a commercial basis. They include public limited companies, private companies and other corporate forms of business, whether owned by residents (including the government) or non-residents or both. In particular, therefore, Irish subsidiaries of foreign companies and the Irish branches of foreign companies operating in Ireland on a branch basis are included, while the foreign subsidiaries of Irish companies and the foreign branches of Irish companies operating abroad are excluded (they form part of the Rest of the World sector S.2). The business activities of self-employed persons (quasi-corporations) are in principle to be included here if separate accounts are available for statistical purposes. In practice, the extent to which this can be achieved is uncertain, and these businesses are more probably reflected in the figures for S.14 (see below).

S.12 Financial Corporations are corporate bodies producing financial services on a commercial basis. As with S.11, they can take various legal forms, with a range of ownership arrangements. They include monetary financial institutions, other financial intermediaries, financial auxiliaries and insurance corporations and pension funds.

S.13 General Government consists of central and local government and the social security fund. Central government includes the National Pension Reserve Fund, and non-commercial agencies owned and funded by government, but does not include commercial state-owned companies (which are proper to S.11 or S.12 as appropriate).

S.14 + S.15 Households (S.14) and Non-Profit Institutions Serving Households (S.15). S.14 consists of persons in their capacity as holders of financial assets or as borrowers. The business assets and liabilities of unincorporated self-employed persons are also mainly reflected in this sector. S.15 consists of non-profit institutions such as charities and non-commercial agencies not owned by the government, such as some schools and hospitals.

S.2 Rest of the World. The figures represent the economy's transactions with non-residents. The conceptual definition is the same as in the balance of payments (BOP) statistics. In particular, non-residents include foreign subsidiaries of Irish companies, the foreign branches of Irish companies that operate abroad on a branch basis, and the head offices of foreign companies that operate in Ireland on a branch basis.

S.1N Not Sectorised. In the non-financial accounts an additional residual sector is used to report taxes and subsidies in the Production Account (*Account 1.1*) as it is not possible to allocate these amounts to Institutional Sectors. In addition throughout these accounts S.1N is used to report the amounts that appear as the statistical discrepancy in the National Income and Expenditure GDP accounts, arising from the use of two independent estimates of GDP (from the Income and Expenditure approaches). In each of NIE tables 1 and 5, the official estimate of GDP is reported as the average of the two measures, and the discrepancy is therefore displayed as half the difference between the two independent estimates (and thus with different signs in the two tables). In the sector accounts it appears as the first balancing item in the sequence (in the gross value added item in the production account), and is then carried through successive accounts via the balancing item. In the final non-financial account, the full amount of the discrepancy then emerges as the unallocated net lending or borrowing in the economy.

Sequence of accounts Sector accounts present a coherent overview of all economic processes and the roles played by the various sectors. Each economic process is described in a separate account. The accounts describe successively production, generation of income, primary and secondary income distribution, final consumption, redistribution by means of capital transfers and capital formation. The accounts record economic transactions, distinguishing between uses and resources, (e.g. the *resources* side of the transaction category *D.41 Interest* records the amounts of interest receivable by the different sectors of the economy and the *uses* side shows interest payable) with a special item to **balance** the two sides of each account. By passing on the balancing item from one account to the next a connection is created between successive accounts.

The accounts are compiled for the total economy and include accounts for separate domestic sectors and the Rest of the World sector. In this way the sector accounts describe:

- for each economic process the role of each sector, for instance General Government in income redistribution and Financial Corporations in financing.
- for each sector all economic transactions and their relation with other domestic sectors and the Rest of the World.

The successive accounts are explained in more detail below.

The Accounts

Current Accounts 1.1 Production Account

The production account shows the transactions that are related to the production process. The output is recorded as a resource, the intermediate consumption as a use. The balance of these two items for the individual sectors is B.1g Gross Value Added at basic prices. The production account of the total economy is the total of the production accounts of the sectors together with the transactions for which there is no sectoral distribution available (taxes and subsidies on products). The balancing item of the production account for the total economy is B.1n Net Domestic Product at market prices, which is obtained by adjusting GDP for consumption of fixed capital (depreciation).

1.2 Generation of Income Account

This account displays the transactions through which Net Domestic Product at market prices is distributed to labour (compensation of employees), capital (operating surplus) and government (the balance of taxes and subsidies on production). The balancing item for the Household and NPISH sector in this account is called mixed income, because apart from operating surplus it also contains compensation for work by self-employed persons and their family members. B.2n Net Operating Surplus / Net Mixed Income is the balancing item for the entire account that remains after deducting consumption of fixed capital.

1.3 Allocation of Primary Income Account

This account records as resources the income from direct participation in the production process, as well as property income received in exchange for the use of land, financial resources and other intangible assets. In addition, this account records the taxes on production and imports received by the government. On the uses side property income is recorded as well as the subsidies paid by the government.

On this account the interest paid and received are recorded excluding imputed bank services (financial intermediation services indirectly measured - FISIM¹). In the national accounts insurance technical reserves are seen as a liability of insurance enterprises and pension funds to policyholders. Therefore, the receipts from investing these reserves are recorded as payments from insurance enterprises and pension funds to households, in the form of property income attributed to insurance policy holders and pension scheme members. The balancing item of this account for each sector is B.5n Net National Income, the balance of primary income.

¹See Appendix 3 in Institutional Sector Accounts – Financial and Non-Financial, April 2007 at www.cso.ie/releasespublications/documents/economy/current/institutionalacc.pdf for a comprehensive explanation of FISIM

1.4 Memorandum - Entrepreneurial Income Account

This memorandum account is included for the Financial Corporations and Non-Financial Corporations sectors. In addition to net operating surplus the account records all the property income transactions involving these two sectors apart from D.42 Distributed Income and D.43 Reinvested Earnings in the uses side. B.4n Entrepreneurial Income presents a more comprehensive measure of corporate profitability than operating surplus.

1.5 Secondary Distribution of Income Account

The secondary distribution of income account shows how primary income is redistributed by means of current taxes on income and wealth, social contributions (including contributions to pension schemes), social benefits (including pension benefits) and other current transfers. The balancing item of this account is B.6n Net Disposable Income. For the consuming sectors (Households, NPISH and General Government) this item is passed on to 1.6 Use of Disposable Income Account. For the other sectors the disposable income is generally equal to savings. This is then passed on to the capital account.

1.6 Use of Disposable Income Account

This account shows the element of disposable income that is spent on final consumption and also the element that is saved. As mentioned above final consumption only exists for Households, NPISH and General Government. The net equity of Households in pension funds and life insurance reserves are seen as financial assets that belong to Households. Changes in these reserves need to be included in the savings of Households. However, contributions to pension schemes and pension benefits have already been recorded on 1.5 Secondary Distribution of Income Account (as social contributions and social benefits). Therefore, an adjustment is needed to include in the savings of Households the change in pension funds reserves on which they have a definite claim. This adjustment is called D.8 'Adjustment for the change in net equity in pension funds reserves'. There is no need for a similar adjustment concerning life insurance because life insurance premiums and benefits are not recorded as current transactions. The balancing item for this account is B.8n Net Saving.

Reconciliation between NIE Table 9 and Non-Financial Institutional Sector Accounts Table 1.6

The Household saving figures published recently in NIE 2008 (*Personal Savings Table 9 item 129*) and the saving figure published in this *release* of the *Non-Financial Institutional Sector Accounts (Net Saving B.8n, Table 1.6 Use of Disposable Income Account)* provide different estimates for Household saving. This is due to differences, both methodological and presentational, in the calculation of the two figures, set out below:

Items included in the Sector Accounts but not included in the NIE Household saving estimates are the following:

- *Premiums and claims in respect of Non-Life Insurance in D.71 & D.72*
- *Capital Gains Taxes included under Taxes on Income and Wealth D.5*

The inclusion of explicit estimates for non-life insurance premiums and claims reflects the greater consistency between the Sector Accounts and ESA95. Similarly the inclusion of Capital Gains Taxes in item D.5 *Taxes on Income and Wealth* in the Sector Accounts computations is more in line with ESA95 standards (*Current Taxes on Income and Wealth* recorded under *Table 9 item 127* of NIE excludes Capital Gains Taxes).

A reconciliation between the Personal Savings figure recorded in NIE 2008 for the year 2007 of €2,186m and the Net Saving figure for the Household sector and NPISH (S.14 & S.15) in this release of €1,498m is set out below:

NIE 2008		<i>Personal Savings for 2007</i>	€m
			2,186
D.72	Plus Non-life claims		1,347
D.71	Less Non-life premiums		-1,081
D.51	Less Capital Gains Tax		-3,097
	Plus Statistical discrepancy and other adjustments		2,143
B.8n	Total Net Saving for Households and NPISH 2007		1,498

1.7 External account

This account records the summarised transactions of S.2 the Rest of the World sector, including on the uses side exports of goods and services, primary incomes and current transfers receivable. The resources side of this account includes imports of goods and services together with primary incomes and transfers payable. The balancing item is B.12 Current External Balance, which records the balance on current accounts with the Rest of the World.

Capital accounts 1.8 Change in Net Worth due to Saving and Capital Transfers

On this account the capital transfers are recorded and combined with net saving and the current external balance. The resulting balancing item is B.10.1 Changes in Net Worth due to Saving and Capital Transfers.

1.9 Acquisition of Non-Financial Assets Account

On this account gross fixed capital formation, changes in inventories, acquisitions less disposals of valuables and non-produced non-financial assets are recorded among the uses. The decline in the value of fixed capital goods caused by consumption of fixed capital goods is recorded among the resources. The balancing item is Net Lending (+) or Borrowing (-). It shows the amount a sector can lend / invest or has to borrow as a result of its current and capital transactions.

Definitions

Household Savings Ratio The household saving ratio is net household saving expressed as a percentage of total resources which is the sum of net household disposable income and the adjustment for the change in net equity of households in pension funds.